

NorCap Investment Management, L.P.

Part IIA of Form ADV Brochure

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March 30, 2020

This brochure provides information about the qualifications and business practices of NorCap Investment Management, L.P. (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 972-701-8813 or email CCO@norcapfunds.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is an investment adviser registered with the SEC. Such registration does not imply any level of skill or training.

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

Item 2 – Material Changes

Since the last brochure dated September 12, 2019, the Adviser did not have any material disclosures for this update. There were non-material additions, changes and elaborations, including to performance-based fees, strategies, risk factors, voting client securities, plus minor enhancements and clarifications throughout.

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Item 4 – Advisory Business

The Adviser primarily provides investment management advice with respect to the Adviser’s private investment funds (as further described in Item 7). Such funds are private offerings of limited partnership interests and referred to in this brochure, collectively, as the “Funds,” and each a “Fund”. Additionally, the Adviser acts as a sub-adviser on a separate account. Each Fund and the sub-advisory account are sometimes referred to as a “*client*” or, collectively, as “*clients*”. The Adviser will typically provide investment management services to each Fund per investment guidelines detailed in each *client*’s private placement memorandum.

NorCap Management, LP serves as the General Partner and NorCap Investment Management, LP serves as the investment manager. The General Partner of the General Partner is NorCap Advisors, LLC. The sole owner of NorCap Advisors, LLC is David R. Norcom.

The Adviser does not participate in wrap fee programs.

The Adviser has been providing discretionary portfolio management services since 2004. As of December 31, 2019, the Adviser managed \$248,700,654. in discretionary assets. The Adviser does not manage any *client* assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fees are generally payable monthly in arrears and are deducted from the Funds' assets. The Adviser's portfolio management fees for the Funds generally range from approximately 0.90% to 1% per annum of assets under management.

For the GovPlus AI Fund a management fee is charged an annual rate of 0.90% of the Capital Account balance of each such Limited Partner who obtained their interest on or after March 1, 2008. EquityPlus Fund and Diversified Premium Fund incur a management fee of an annual rate of 1% of the Capital Account balance of each Limited Partner.

In addition, from time-to-time, consistent with applicable laws and regulations including Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "The Advisers Act"), the Adviser (or its affiliate NorCap Management, L.P.) may receive performance-based fees or allocations, calculated separately for each investor in a Fund, equal to a specified percentage (generally 20% for all funds) of the increase in an investor's account in excess of the investor's high water mark, as of the close of each measurement period. GovPlus AI Fund has a performance-based fee described in Item 6 below.

Fees may be subject to negotiation based on the circumstances of the investor and other factors, including but not limited to the type and size of the account and the type of advisory and client-related services to be provided to the account. For example, certain Fund investors who have been introduced by solicitors with whom the Adviser has a relationship and/or certain investors for whom the Adviser acts as sub-adviser may be subject to different fee terms than those specifically described in this Item 5.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the *client*. Please see Item 12 for further discussion of the Adviser's brokerage practices. *Clients* may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

The charges, commissions, fees and expenses described in the preceding paragraph are exclusive of and in addition to the Adviser's fee, and the Adviser will not receive any portion of these charges, commissions, fees and expenses. The Adviser does not generally permit or require *clients* to pay fees in advance.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products, such as asset-based sales charges or service fees. Supervised persons may be eligible to receive a discretionary performance-based bonus as a participant in the Adviser's bonus pool at the sole discretion of the Adviser.

Each *client's* private placement memorandum contains further information regarding fees and compensation.

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

As discussed in Item 5 above, the Adviser (or NorCap Management, L.P.) may receive performance-based fees or allocations.

Specifically for the GovPlus AI Fund, the performance-based fees debited by an amount equal to twenty percent (20%) of the amount by which the ending value of a Limited Partner's Capital Account exceeds what would have been the ending value of such Capital Account had the Capital Account shown a return equal to the return of the Bloomberg Barclays U.S. Treasury 1-3 Year Total Return Index Value U (Barclay Index) after Management Fees have been paid for the same fiscal quarter. The Performance Allocation will be estimated and accrued monthly, and the aggregate amount debited against all Limited Partners will be credited to the Capital of the General Partner at the close of each fiscal quarter. A Performance Allocation will be debited even when the value of a Limited Partner's Capital Account decreases over the performance period so long as at the end of the fiscal quarter it decreased at a rate less than the rate at which the Barclay Index decreased. The reason that a Performance Allocation may be debited even when a Limited Partner loses money for the fiscal quarter is that the only factor used to determine whether a Performance Allocation is debited is whether the Partnership's return for the fiscal quarter, after Management Fees have been paid, was greater than the Barclay Index's return for the same fiscal quarter. Where the Partnership underperforms the Barclay Index for a particular fiscal quarter, the Partnership must make up such underperformance in future fiscal quarters in that fiscal year in order to again receive a Performance Allocation in that fiscal year. The requirement to make up such underperformance does not carry forward into the next fiscal year.

Performance-based compensation arrangements may be viewed as creating an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different arrangement. Such arrangements also create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. The Adviser has adopted and implemented procedures designed to ensure that all *clients* are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among *clients*. The Adviser's allocation policy applies whenever the Adviser determines that two or more *clients* should purchase or sell interest or shares of any security or other investment.

It is the Adviser's general policy, subject to certain exceptions, to allocate purchase or sale opportunities on a *pro rata* basis to all applicable *clients*, measured by reference to each *client's* relative net asset value as of the beginning of the month in which the purchase or sale is executed.

For a more detailed description about the performance allocation process, including General Partner discretion see the Fund private offering materials.

Item 7 – Types of *Clients*

The Adviser provides portfolio management services to three Funds: (1) GovPlus Fund AI, L.P., a Delaware limited partnership ("GovPlus AI Fund"), (2) NorCap EquityPlus Fund, L.P., a Delaware limited partnership ("EquityPlus Fund"), and (3) NorCap Diversified Premium Fund, LP, a Delaware limited partnership ("Diversified Premium Fund"). The Adviser also has investment authority and acts as the sub-adviser for a separate fund, which it manages using an investment strategy similar to Diversified Premium Fund. NorCap Management, L.P., a Delaware limited partnership, is the general partner ("General Partner") of GovPlus AI Fund, EquityPlus Fund, and Diversified Premium Fund.

In general, each investor in a Fund must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified client" within the meaning of Rule 205-3 under Investment Advisers Act of 1940, as amended (the "The Advisers Act"). However, in the case of

Diversified Premium Fund, each investor must be an “accredited investor” and a “qualified purchaser” as defined in the Investment Company Act of 1940, as amended. The minimum initial investment amount for an investor in all Funds is \$1,000,000, except EquityPlus Fund is and is \$250,000. The General Partner at its discretion may accept investments less than the stated minimum.

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

The Adviser offers several principal investment strategies as described below. Any particular *client* account may utilize one or more of the investment strategies described below. Investing in securities involves the risk of loss, including principal, and should only be considered for *clients* who are capable of bearing the relevant investment risks. At the current time, the Adviser will focus on one or more of the following strategies:

GovPlus AI Fund, is an enhanced fixed income strategy. The Partnership intends to utilize conservative, enhanced investment strategies to achieve positive, long-term returns in excess of those available from traditional government securities and to achieve its performance goal of meeting or exceeding the Barclay Index (before participating in the Performance Allocation but after payment of Management Fees).

The Partnership’s investment approach seeks to combine interest earned from government and agency securities with expiring option contracts, or hedging option contracts to enhance overall returns. The Partnership expects to generate two forms of revenue: (1) fixed-income interest from government and agency securities and (2) option contract income from both put and call options.

GovPlus™ is an investment strategy designed to achieve consistent monthly incremental rates of return in excess of the Barclay Index. The core investments in the fixed-income portion of the strategy will be direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities, including securities that are supported by the United States. These investments may be held directly or indirectly through a fund, such as mutual funds or Exchange Traded Funds. The market value of such securities can be expected to fluctuate in response to changes in interest rates.

The enhancement strategy expected to be employed is one whereby put and call options on the S&P 500 Index are sold at multiple expiration dates and at strike prices far enough out-of-the-money so that the probability of the S&P 500 Index exceeding the option strike price on either side is minimal. The Partnership may write options on S&P 500 Index securities or on S&P 500 Index futures contracts. Option contracts will normally be written for the front month option cycle.

Systematic risk management by position is built into the portfolio by employing a wide array of proprietary algorithms and models to execute the strategy and to mitigate risk. Additionally, a rigorous fundamental analysis of the current macroeconomic environment, both domestically and internationally, is utilized. Generally, a portion of the Partnership’s positions will be invested in high quality, fixed-income securities. The fixed-income portion of the investment strategy will generally include a portfolio primarily of short duration (5 years or less) direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities, including securities that are supported by the United States. Although it is intended that the Partnership’s portfolio will generally consist of the components described above, there can be no assurance that the Partnership’s portfolio will maintain this structure at all times (*e.g.*, during periods of market instability). There may be times when the Investment Manager determines that it is in the best interest of the Partnership to have a significant portion, or all, of Partnership assets in cash.

For risks related to this strategy see the Risk Summary below.

EquityPlus Fund is an equity enhanced relative value fund. The Partnership intends to utilize conservative, enhanced investment strategies to seek to achieve positive, long-term returns in excess of the S&P 500 Index. The Partnership's investment approach seeks to outperform the S&P 500 Index over a market cycle. Specifically, the strategy strives to achieve its objective by building a portfolio with investments that, taken as a whole, generate less beta than the S&P 500 Index and achieve higher returns. The Partnership's investments may consist of, but are not limited to, equity positions and options on such equity positions, Exchange Traded Funds, or other broad-based index equity securities such as the S&P 500 Index, debt instruments (both corporate and government), and S&P 500 Index futures. It is not currently expected that the Partnership will purchase "new issues" as defined in FINRA Rule 5130 (generally, an initial public offering of an equity security).

Although it is intended that the Partnership's portfolio will generally consist of the components described above, there can be no assurance that the Partnership's portfolio will maintain this structure at all times (e.g., during periods of market instability). There may be times when the Investment Manager determines that it is in the best interest of the Partnership to have a significant portion, or all, of Partnership assets in cash. For risks related to this strategy see the Risk Summary below.

Diversified Premium Fund, L.P., is an absolute return strategy. The investment objective of NorCap Diversified Premium Fund, L.P. (the "Partnership") is to produce, over time, positive risk-adjusted returns that have low correlation to general market indices. Two principal non-correlated investments are used: S&P 500 Index options and a portfolio comprised primarily of short duration (5 years or less) U.S. treasury/agency paper. The Partnership's principle investment strategy is to identify and exploit inefficiencies in securities and other instruments while minimizing downside exposure and market risk through employing non-correlated, risk-mitigation techniques.

The strategy primarily utilizes S&P 500 Index options, and, may include, but is not limited to, stocks, bonds, derivatives on the Russell 2000 Index, non-U.S. exchanges, U.S. Treasury Bond Indices, currencies, commodity, individual stock derivatives and Exchange Traded Funds (derivative positions on individual stocks will be opportunistic in nature only).

Systematic risk management by position is built into the portfolio by employing a wide array of proprietary algorithms and models to execute the strategy and to mitigate risk. Additionally, a rigorous fundamental analysis of the current macroeconomic environment, both domestically and internationally, is utilized. Generally, a portion of the Partnership's positions will be invested in high quality, fixed-income securities. The fixed-income portion of the investment strategy will generally include a portfolio primarily of short duration (5 years or less) direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities, including securities that are supported by the United States. The Investment Manager may use leverage for the Partnership, subject to the maximum allowable limits under applicable laws and regulations. Although unlikely, the Fund may at times be net short but does not have target allocation percentages for asset classes that may be included in the portfolio of the Partnership. Changes in net exposure will be determined more by investment conviction in existing ideas than by explicit market timing calls.

Although it is intended that the Partnership's portfolio will generally consist of the components described above, there can be no assurance that the Partnership's portfolio will maintain this structure at all times, (e.g., during periods of market instability). There may be times when the Investment Manager determines that it is in the best interest of the Partnership to have a significant portion, or all, of Partnership assets in cash.

For risks related to this strategy see the Risk Summary below.

Summary of Risk Factors for the Strategies above:

Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment in a Fund. Any risk situation could cause a fund to lose some or all of its money. Investment in the Partnership is speculative and involves certain risks. Certain of these risks are summarized below. The Partnership may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with its investments. An investment in the Partnership does not constitute a complete investment program. Investors will not have recourse except with respect to the assets of the Partnership. Prospective investors should consider, among others, the risk factors and potential conflicts of interest described in this section. All investors in the Partnership should consult their own legal, tax and financial advisors prior to investing in the Partnership.

- *Investment Risks Generally.* A potential investor in the Partnership should note that the prices of the securities and other instruments in which the Partnership invests may be volatile. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. Markets may move significantly and such moves may be detrimental to the Partnership. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

In addition, there may be periods where the Investment Manager will be unable to fully implement the Partnership's investment strategy. For example, although it is intended that the Partnership's portfolio will be constructed as described in the Offering materials, there can be no assurance that the Partnership's portfolio will maintain this structure at all times (e.g., during periods of market instability). During any such periods, the Investment Manager's ability to seek achieve the Partnership's investment objective may be impaired.

- *Prediction of Market Movements.* The profitability of a significant portion of the Partnership's investment program depends to a great extent upon correctly assessing the future course of the price movements and volatility of the securities markets, bond markets, and other investments. There can be no assurance that the Investment Manager will be able to accurately predict these price movements. With respect to the investment strategy utilized by the Partnership, there is always some, and occasionally a significant, degree of market risk.

- *U.S. Bond Markets.* Many of the Partnership's investments will be dependent in some manner on the U.S. bond markets, including treasury instruments. Deterioration of U.S. bond markets and other economic fundamentals could negatively impact the performance of the Partnership. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, overbuilding and increased competition and an increase in interest rates.

- *Income Securities.* The Partnership expects to invest in fixed-income securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make

payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities.

- *Short Selling.* The Partnership does not intend to short sell individual securities, however, the Partnership will short sell broad based index options, both as part of their general investment strategy and for hedging purposes. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the Partnership to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The Partnership's obligations under its securities loans are marked to market daily and collateralized by the Partnership's assets held at the broker, including its cash balance and its long securities positions. Because securities loans must be marked to market daily, there may be periods when the securities loan must be settled prematurely, and a substantial loss would occur.

Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling exposes the Partnership to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise, unless risk has been limited by other positions held by the Partnership.

- *Securities Lending.* The Partnership may lend securities from its portfolio to financial institutions needing to borrow securities to complete certain transactions. Securities loans are usually facilitated by an intermediary, known as the lending agent. The Partnership continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities, which affords the Partnership an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral.

Securities lending arrangements are subject to certain risks. A securities lender may receive cash payments in lieu of dividends, which (subject to any negotiated gross up payment) may be taxed at a higher rate than qualified dividends. During the term of the loan, the Securities Investor Protection Corporation, or "SIPC," may not protect the Partnership with respect to the loaned securities. Therefore, the collateral pledged may constitute the only source of satisfaction of the financial institution's obligations, in the event a financial institution fails to return the securities to the Partnership. The Partnership is also subject to a risk of loss if the borrower with which it has engaged in a portfolio loan transaction breaches its agreement or if its lending agent becomes insolvent.

- *Non-U.S. Investments.* The Partnership may invest in the securities of non-U.S. issuers (whether traded in the U.S. or overseas securities markets). Investment in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. The foregoing risks associated with non-U.S. investments are even greater in emerging markets.

- *Risk in Writing Options.* Writing options can provide a greater potential for loss than an equivalent investment in the underlying asset. Where an option is written or granted (*i.e.*, sold) uncovered (as will usually be the case when the Partnership writes options), the seller may be liable for a risk of loss which is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. The Partnership's options strategy depends on these factors combining to allow the options to expire unexercised. A significant risk related to the Partnership's enhancement strategy is that the value of a financial instrument on which an option is written could move significantly causing the options written by the Partnership to be "in-the-money" at expiration date. Although the Investment Manager intends to mitigate this risk by changing the strike prices of the option contracts, thereby reducing the probability of that instrument exceeding those respective strike prices, there can be no assurance that the Investment Manager will be successful in this strategy.

- *Counterparty Risk in Futures Contracts and Options on Futures.* In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to the Partnership. The counterparty for futures contracts and options on futures contracts traded in the United States and on most foreign futures exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk.

- *Futures Cash Flow.* Futures contracts gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

Most United States futures exchanges limit fluctuations in certain commodity interest contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Partnership from promptly liquidating unfavorable positions and subject the Partnership to substantial losses, which could exceed the margin initially committed to such trades.

Each exchange on which futures are traded and the CFTC (for U.S. based-exchanges) typically have the right to suspend or limit trading in the contracts that each such exchange lists. Such a suspension or limitation could render it impossible for the Partnership to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the Partnership to close out existing futures positions. It is also possible that an exchange or the CFTC could order the immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

- *Margin and Leverage.* Although the Partnership will not borrow for investment purposes, low margin deposits normally required in futures contract trading (typically between 2% and 25% of the value

of the contract purchased or sold) and/or portfolio margin permit economic leverage. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

- *Insolvency or Failure of the Prime Broker.* Institutions, such as the Prime Broker or various banks, may hold certain of the Partnership's assets in "street name." Bankruptcy, inadequate controls or fraud at one of these institutions could impair the operational capabilities or the capital position of the Partnership.

- *Reliance on the General Partner.* All decisions with respect to the management of the Partnership will be made exclusively by the General Partner. Except as specifically provided in the Partnership Agreement or applicable law, Limited Partners will have no right or power to take part in the management of the Partnership. Accordingly, no person should purchase an interest unless such person is willing to entrust the management of the Partnership to the General Partner.

- *Reliance on Certain Key Executive Personnel* including the Principal of the General Partner and the Investment Manager. If the key Principal and Owner ceases to participate in the Partnership's business for any reason, the Partnership's ability to make day-to-day operating decision and manage its portfolio could be materially and adversely impaired.

- *Reliance on the Investment Manager.* The Investment Manager will make substantially all of the trading and investment decisions of the Partnership. Limited Partners will have no right or power to take part in the trading and investment decisions of the Partnership. Accordingly, no person should purchase an Interest unless such person is willing to entrust the investment activities of the Partnership to the Investment Manager.

- *Competition in the Market.* The markets in which the Partnership intends to invest are extremely competitive. In pursuing its investing methods and strategies, the Partnership will compete with larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, the Partnership has little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more investment professionals than the Partnership has or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which an investment may be purchased by the Partnership and the price it expects to receive upon consummation of the transaction. In addition, competition in the writing of options may decrease the premiums that can be generated on option sales.

- *Side Letters and Other Agreements with Limited Partners.* The Partnership may offer Limited Partners additional or different information and reporting than that offered to other Limited Partners. Such information may provide the recipient greater insights into the Partnership's activities than is included in standard reports to Limited Partners, thereby enhancing the recipient's ability to make investment decisions with respect to the Partnership.

The Partnership and/or the General Partner can enter into separate agreements that provide different fee terms than those specifically described in this Memorandum to certain Limited Partners who have been introduced to the Partnership by solicitors with whom the General Partner has a relationship and/or certain Limited Partners for whom the Investment Manager acts as Sub-Adviser. In certain circumstances, these agreements could result in preferential fee terms for such Limited Partners.

- *Risk Resulting from Performance Allocation.* The Performance Allocation allocable to the General Partner may create an incentive for the Investment Manager (as an affiliate of the General Partner)

to make investments that are riskier or more speculative than would be the case in the absence of the Performance Allocation.

- *Lack of Liquidity or Ability to Transfer Interest.* There are restrictions on withdrawals from the Partnership (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner will be required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Partnership is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

- *Effect of Substantial Withdrawals.* Substantial withdrawals by the Limited Partners within a short period of time could require the Partnership to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership's assets and/or disrupting the Partnership's investment or hedging strategies. Reduction in the Partnership's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership's ability to take advantage of particular investment opportunities or strategies.

- *Distributions In-Kind.* It is not expected that the investment manager will ever make distributions in-kind. While the investments made by the Partnership are readily liquidated, the Partnership may not be able to sell such investments at prices that reflect the Investment Manager's assessment of their value or the amount paid for such investments by the Partnership. The Partnership Agreement authorizes the Partnership to make distributions in-kind in lieu of or in addition to cash.

- *No Distributions.* The Partnership does not intend to make any distributions to the Limited Partners unless written notice of a distribution request has been received from a Limited Partner but intends to reinvest substantially all of the Partnership's income and gain. Cash that might otherwise be available for distribution is also reduced by the payment of Partnership obligations and expenses (including Management Fees and expense reimbursements), and establishment of appropriate reserves.

- *Future Regulatory Change is Impossible to Predict.* The securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the SEC, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Partnership is impossible to predict but could be substantial and adverse.

- *Valuations.* From time to time, certain situations affecting the valuation of the Partnership's investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Partnership) could have an impact on the net asset value of the Partnership, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Partnership is not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

- *Absence of Registration.* The Partnership has not and will not register under U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund's board of directors, including a

majority of disinterested directors, approve certain of the fund's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable.

- *Information Security - General.* The Partnership, the Investment Manager, the General Partner, their respective services providers and relevant listing exchanges are heavily reliant upon internet connected information technology systems which are inherently vulnerable to attacks by malicious third parties and unauthorized disclosure due to incorrect configuration, operating error(s), known and unknown vulnerabilities and system behavior(s). Similar types of risks are also present for issuers of securities in which the Partnership invests, which could result in material adverse consequences for such issuers and cause the Partnership's investment in such portfolio companies to lose value. If an information system compromise or disruption occurs, the Partnership, Investment Manager, the General Partner, or the issuers of securities in which the Partnership invests may face material increases in their costs associated with response, repair, and mitigation which may result in material adverse consequences for such affected party. Compromise or disruption could also result in the inability of the impacted party to operate its business, violations of applicable laws, regulatory fines, reputational damage, and the compromise of sensitive Investor information resulting in a direct financial loss through identity or account theft. These risks may not be covered by insurance, and insurance policies which do cover such risks may exist only on the surplus lines market and may be subject to extensive exclusions and limitations.

- *Security – Unauthorized Systems Access.* The systems (including hardware, networking, software, SaaS, and PaaS), including the data stored thereon, used by the Partnership, the General Partner, the Investment Manager, the issuers of securities in which the Partnership invests, and their respective service providers are at risk of unauthorized access by internal and external parties, including via misconfiguration, credential mismanagement, unauthorized privilege escalation, failures to limit account access, unmitigated known vulnerabilities, previously unknown vulnerabilities ("zero-day" attacks), the compromise of any entity within the supply chain (including during the provision of software updates), phishing and identity falsification attacks, organized criminal activity, the actions of Advanced Persistent Threats ("APT's"), ransomware, insecure APT's, code development practices, and the violation of information policies and practices by agents or employees. It may not be possible to recover or repair systems or data which become compromised through any of these means and such unauthorized access may result in the disclosure of sensitive personal data resulting in a material adverse effect for party experiencing the compromise including potential legal claims and adverse regulatory actions.

- *Security – System Disruption.* The systems (including hardware, networking, software, SaaS, and PaaS), including the data stored thereon, used by the Partnership, the General Partner, the Investment Manager, the issuers of securities in which the Partnership invests, and their respective service providers are at risk of being rendered inoperable even without a security breach as a result of a failure of the internet infrastructure (including telecommunications providers, local connection exchanges, DNS managers and providers), poor maintenance or redundancy practices, lack or failure of business continuity/disaster recovery procedures, denial of service attacks and similar attacks which are likely to proliferate with and become increasing disruptive as a result of broader adoption of the Internet of Things can each result in operational disruption which prevents the impacted party from operating its business for a period of time, potentially incurring financial loss and loss of customer goodwill.

- *Security – Reputation.* In the event of any system compromise, data breach, or system disruption, the reputation of the issuers of securities in which the Partnership invests could become damaged, resulting in a materially adverse effect on the value of such securities and potential increase in costs or failure of such issuers.

- *Security – Physical Security.* The facilities used by, and housing the information systems used by, the Partnership, the General Partner, the Investment Manager, the issuers of securities in which the Partnership invests, and their respective vendors are at risk of unauthorized entry during which a third party may gain access to sensitive or confidential information in violation of applicable law, including the risk of a data breach which results in material financially adverse consequences.

- *Data Privacy & Cybersecurity Laws.* Governments continue to address the evolving use of information systems and the transfer and management of personal data. These regulations, including the European General Data Protection Regulation, the California Consumer Privacy Act, and potential future regulation could impose material operational costs on the Partnership, the General Partner, the Investment Manager, the issuers of securities in which the Partnership invests, and their respective service providers, and a failure by any of these parties to comply with such regulations could result in substantial fines and other regulatory enforcement action which results in a materially adverse effect. Industry specific regulations, including those promulgated by states, may impose additional operating costs, materially conflict in a manner which excludes market access to a particular territory, and otherwise adversely impact the financial performance of the regulated party.

- *Agreements with Certain Limited Partners.* The General Partner, the Investment Manager and the Partnership could enter into side letters or similar agreements with certain Limited Partners pursuant to which the Partnership may give certain Limited Partners rights not granted to other Limited Partners, including one or more of the following: (i) reduced Management Fees, (ii) reduced Performance Allocation, (iii) the right to withdraw all or a portion of their investment in the Partnership on shorter notice and/or with more frequency than the terms described in this Memorandum, and (iv) additional transparency into the operation of the Partnership. The General Partner, the Investment Manager and the Partnership may, in the future, without obtaining the consent of any other Limited Partner (other than any Limited Partner who is materially and adversely affected by such waiver or modification) enter into one or more side letters or similar agreements with other Limited Partners to waive or modify the application of certain provision of the Partnership Agreement. As a result, certain Limited Partners may be able to withdraw their Interests at times when other Limited Partners may not. Subject to applicable law, the Partnership does not intend to disclose the terms of such side letter agreements and does not intend to disclose the identities of the Limited Partners that have entered into such agreements.

- *Investments in Equity Securities Generally.* The Partnership expects to purchase or otherwise equity securities. Although equity investments have historically generated higher average total returns than fixed-income securities over the long-term, equity investments also have experienced significantly more volatility in those returns and in some time periods have significantly underperformed relative to fixed-income securities. The equity investments that the Partnership acquires may fail to appreciate in value and may decline in value or become worthless. Accordingly, the Partnership may not be able to realize gains from such equity investments and may incur significant losses.

In addition, the disposition of equity securities may be restricted under the U.S. Securities Act of 1933, as amended (the “*Securities Act*”). Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Partnership were forced to liquidate its position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment, and may also involve higher transaction costs. To the extent that issuers of these securities are small or medium-size market capitalization companies, investments in such equity securities will have more limited marketability and may have greater price volatility than the securities of larger companies. All of the

Partnership's investments in stocks will be subject to normal market risks. While diversification among issuers may mitigate these risks, the Partnership is not required to diversify its investments in equity securities and investors must expect fluctuations in value of equity securities held by the Partnership based on market conditions. Because equity securities rank lower in the capital structure of an issuer, such investments may subject investors to additional risks not applicable to debt securities. In addition, holders of equity securities may be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring.

- *Convertible Securities.* While not currently anticipated, the Partnership may invest in convertible securities, including convertible bonds, convertible preferred stocks, and other fixed income instruments that have conversion features. Convertible securities and preferred stock combine the fixed income characteristics of bonds with some of the potential for capital appreciation of equities, and thus may be subject to greater risk than pure fixed-income instruments. Unlike bonds, some preferred stocks and some convertible securities do not have a fixed par value at maturity, and in this respect may be considered riskier than bonds.

Convertible debt securities and preferred stocks may depreciate in value if the market value of the underlying equity security declines or if rates of interest increase. In addition, although debt securities are liabilities of a corporation, which the corporation is generally obligated to repay at a specified time, debt securities, particularly convertible debt securities, are often subordinated to the claims of some or all of the other creditors of the corporation.

- *Swaps.* Swap agreements tend to shift the investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Partnership. The most significant factor in the performance of swap agreements is the change in the specific factors that determine the amounts of payments due to and from the Partnership. If a swap agreement calls for payments by the Partnership, the Partnership must be prepared to make such payments when due. In addition, swap contracts are not traded on exchanges and are not subject to the same type of government regulation as exchange markets. As a result, many of the protections afforded to participants on organized exchanges and in a regulated environment are not available in connection with these transactions. The swap markets are "principals' markets", in which performance with respect to a swap contract is the responsibility only of the counterparty to the contract, and not of any exchange or clearinghouse. As a result, the Partnership would be subject to the risk of the inability or refusal to perform with respect to swap contracts on the part of the counterparties with which the Partnership trades.

- *Derivatives.* Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Partnership contracts for the purpose of making derivative investments (the "*Counterparty*"). In the event of the Counterparty's default, the Partnership will only rank

as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

- *Investments in U.S. Government and non-U.S. Bonds.* The Partnership may invest in United States and non-United States government bonds. Such investments are subject to a number of risks, including the risk that interest rates in the market may increase while the interest rate of the bonds are static over-time, causing investors to miss out on potential interest income if they had invested in the market. Government bonds are also subject to risks related to any government instability, a reduction in the credit rating of the federal government and other events that may cause a government, as the issuer of the bond, to default (i.e. fail to pay the debt that it owes on the bonds that it has issued).

- *Commodities and Futures.* The Partnership may trade on a limited basis in commodities and futures. Such trading activity is regulated by the Commodity Futures Trading Commission (the “*CFTC*”). Pursuant to an exemption from registration under CFTC regulations, neither the General Partner nor the Investment Manager is required to register, and neither is registered, with the CFTC or the National Futures Association (“*NFA*”) as a commodity pool operator (a “*CPO*”) or as a commodity trading advisor (“*CTA*”). To comply with the exemption, the Investment Manager is subject to specific limitations on the amount of commodities and futures that it can trade on behalf of the Partnership. Should the Partnership’s investments in commodities and futures instruments exceed the limits provided by the applicable exemption from registration, the Investment Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Partnership and liquidate the Partnership’s holdings of commodities and futures which could result in losses and additional costs to the Partnership.

- *Uncovered Risks and Losses from Hedging.* The Investment Manager may employ hedging techniques to reduce the risk of highly speculative investments. There is a substantial risk, however, that hedging techniques may not always be possible or effective in limiting losses. In fact, a hedge may produce a net loss. Hedges are more difficult to implement than many other transactions and possibilities for errors may be greater than for other transactions. The Investment Manager’s trading techniques may not be successful and may thereby cause the Partnership to incur losses on the positions that the Investment Manager initiates.

- *Leverage.* Subject to applicable margin and other limitations, the Partnership may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Partnership’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Partnership and will affect the operating results of the Partnership. Also, the Partnership could potentially create leverage via the use of instruments such as options and other derivative instruments.

- *Diversification.* Since the Partnership’s portfolio will not necessarily be widely diversified, the investment portfolio of the Partnership may be subject to more rapid changes in value than would be the case if the Partnership were required to maintain a wide diversification among companies, securities and types of securities.

- *Exchange Traded Funds and Other Similar Instruments.* Interests of exchange traded funds (“*ETFs*”) and other similar instruments may be purchased or sold long or short by the Partnership. An ETF is an investment company that is registered under the Investment Company Act, that holds a portfolio of stocks or bonds designed to track the performance of a particular index. Instruments the Partnership may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks or bonds of companies within a particular industry sector or group. These securities may also be listed on

national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, these securities are not registered as investment companies under the Investment Company Act. Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks or bonds including risks that the general level of stock or bond prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks or bonds held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Partnership's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Investment Manager considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument. The market value of ETF Interests may differ from their net asset value. This difference in price may be due to the fact that, at any given point of time, the supply and demand in the market for ETF Interests is not always identical to the supply and demand in the market for the underlying basket of securities. Therefore, an ETF share may trade at a premium or discount to its net asset value.

Other Risks related to Tax:

Risk of Adverse Determination. There can be no assurance that the conclusions set forth in the Private Offering Memorandum will not be challenged successfully by the Internal Revenue Service (the “**Service**”) or any other taxing authority, or significantly modified by new legislation, changes in the Service's positions or court decisions. The Partnership has not applied for, nor does it expect to apply for, any advance rulings from the Service with respect to any of the U.S. federal income tax consequences described in this Memorandum. No representation or warranty of any kind is made by the General Partner with respect to the U.S. federal income tax consequences relating to an investment in the Partnership. The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Service or other applicable taxing authority, there could be a materially adverse effect on the Partnership, and a Limited Partner might be found to have a different tax liability for that year than that reported on its income tax returns.

Risk of Tax Audit. An audit of the Partnership by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Partnership and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner's investment in the Partnership. If audit adjustments result in an increase in a Limited Partner's income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment.

Tax Liabilities Without Distributions. If the Partnership has taxable income in a fiscal year, each Limited Partner will be taxed on that income in accordance with its allocable share of the Partnership's profits, whether or not such profits have been distributed. Because the General Partner anticipates that there will be no cash distributions to the Limited Partners, an investor may incur tax liability with respect to activities of the Partnership without receiving sufficient distributions from the Partnership to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnership may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnership may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Partners.

Non-U.S. Investments and Emerging Markets. Certain investments made by the Partnership may be subject to foreign taxes, including brokerage, stamp, withholding or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. All distributions to the Partnership will be made net of any taxes payable on those distributions or on amounts out of which they are distributed (including any corporate, foreign, local and withholding taxes). Investing in the securities of companies located outside the U.S. involves certain tax considerations not usually associated with investing in securities of U.S. companies. With respect to certain countries, there is a possibility of confiscatory taxation, the imposition of withholding or other taxes on dividends, interest, capital gains or other income and less favorable tax provisions. In addition, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if the Partnership invests significantly in a particular country.

The foregoing is not intended to be an exhaustive analysis or listing of the risks associated with an investment in the Partnership. Risks and the tax aspects associated with such an investment are complex and complicated and are subject to a variety of interpretations. Prospective investors are strongly urged to review the tax risks and discussions further in the Private Offering Memorandum under “Tax Considerations” and “ERISA and Other Regulatory Considerations” for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests, and to seek and rely upon the advice of their own tax advisor who is qualified to discuss the foregoing and other possible tax risks.

Investors should refer to the relevant *client*’s private placement memorandum for a more detailed discussion of applicable risks, including tax and ERISA (if applicable) related risks.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor or a potential investor’s evaluation of the Adviser or the integrity of the Adviser’s management. The Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Adviser, nor any of its management persons, is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

The Adviser is not registered as a commodity pool operator (“CPO”) or a commodity trading advisor (“CTA”) in reliance on CFTC Rule 4.13(a)(3) and 4.14(a)(5), respectively, which permits the Adviser to provide commodity trading advice to the clients without registering as a CTA.

As described earlier, an affiliate of the Adviser, NorCap Management, L.P., serves as General Partner of the Funds, and, in this capacity, is entitled to receive a performance allocation.

The Adviser does not recommend or select other investment advisers for its *clients*.

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

As part of an overall internal compliance program, the Adviser has adopted a Code of Ethics that imposes standards of business conduct, including requirements to put *client* interests first and not to take inappropriate advantage of employment-related information, seeks to minimize potential conflicts of interests between employees and investment advisory *clients* and helps to ensure compliance with applicable laws and regulations.

The Code of Ethics also imposes restrictions on employee personal securities transactions and accounts. Such restrictions include prohibitions on trading in securities while in possession of material, nonpublic information and reporting of personal securities accounts, transactions and/or holdings as required by Rule 204A-1 under The Advisers Act.

The Code of Ethics also generally requires the Adviser's partners, officers and employees to obtain pre-approval of certain securities transactions. Existing and prospective Adviser *clients* may obtain an overview of the Adviser's policies, by mailing a written request for such document to the Chief Compliance Officer at the physical address detailed on the first page of this document or by e-mail to cco@norcapfunds.com.

Subject to the provisions of the Code of Ethics, which provide that all personal securities transactions must be conducted in such a manner as to avoid any actual, apparent or potential conflict of interest or any abuse of an employee's position of trust and responsibility. The Adviser's officers and employees may from time-to-time have acquired or sold, or may subsequently acquire or sell, for their personal accounts securities which may also be purchased or sold for the accounts of the Adviser's *clients*.

The Adviser, its affiliates and partners, officers and employees may engage in transactions or cause or advise a particular *client* to engage in transactions which may differ from or be identical to the transactions engaged in by the Adviser for other accounts. The Adviser shall not have any obligation to engage in any transaction for a *client*'s account or to recommend any transaction to a *client* in which any of the Adviser's affiliates may engage either for their own accounts or the account of any other *client*, except as otherwise required by applicable law.

The Adviser does not engage in agency cross transactions or principal transactions.

Item 12 – Brokerage Practices

The Adviser generally has the authority to make all determinations regarding securities to be purchased or sold, the amount of such securities to be purchased or sold, the use of broker-dealers and commissions paid.

In placing orders, the Adviser seeks to obtain best execution taking into account factors such as (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the firm's risk in positioning a block of securities; (v) the quality, comprehensiveness and frequency of available research services considered to be of value; and (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

While the Adviser generally seeks the best price in placing its orders, an account may not necessarily be paying the lowest price available.

The Adviser does not currently generate “soft dollars” with respect to any *client* account. If the Adviser were to use “soft dollars,” it intends to do so within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended.

In selecting or recommending broker-dealers, the Adviser does not consider whether the Adviser or an affiliate receives investor referrals from such broker-dealer. The Adviser does not accept directed brokerage arrangements.

The Adviser does periodically aggregate *client* trades. *Clients* participating in aggregated orders will generally receive the same average price. In certain instances, the Adviser may need to execute multiple trades in the same security through different broker-dealers because a particular broker-dealer may not be able or willing to trade in the quantity or price that the Adviser seeks. In such cases, the aggregation of such orders is not practically possible as most trade orders are executed or filled when they are placed and, as a result, each trade order placed with a different broker-dealer is considered a separate order and different accounts will not participate in an average price.

Potential Conflicts of Interest

The Investment Manager serves as investment manager to other client accounts, including other collective investment vehicles which are managed by the General Partner and/or its affiliates and in which the General Partner or any of its affiliates may have an equity interest. Any of these other client accounts may have objectives similar to that of the Partnership(s). The Investment Manager may add new accounts or investment vehicles in the future with similar or different investment strategies and in which the Investment Manager or any of its affiliates may have an equity interest.

The Partnership Agreement(s) require that the General Partner act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities or any restrictions on the nature or timing of investments for the account of the Partnership and for the General Partner’s own account or for other accounts which the General Partner may manage. The General Partner is not obligated to devote any specific amount of time to the affairs of the Partnership and is not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors. The General Partner are not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors. The foregoing is also true of the Investment Manager.

If the Investment Manager determines that it would be appropriate for the Partnership and one or more other investment accounts managed by the Investment Manager to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis. If the Investment Manager has determined to invest at the same time for more than one of the investment accounts under its management, the Investment Manager will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager will allocate the trade among the different accounts on a basis that it considers equitable. Also, there may be circumstances where combined orders are not available or operationally prohibitive, as with management of onshore, offshore or sub advised accounts with similar mandates but differing service providers, infrastructure, or portfolio compliance responsibilities, and therefore pro rata investment, price and cost allocation may not be

available. The Adviser will seek to balance these factors to achieve an equitable result under the circumstances. Client directed or other restrictions may affect the allocation of an order. If any directed restriction from the Partnership or another account is placed on a particular security or group of securities, the order will be allocated to the other participating accounts as described above. The Investment Manager formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each client and other factors set forth above across the various client accounts. Situations may occur where the Partnership could be disadvantaged because of the investment activities conducted by the Investment Manager for other investment accounts.

Subject to certain restrictions, pre-clearance and reporting requirements set forth in the Investment Manager's compliance manual, the principals, as well as the employees and officers thereof and of organizations affiliated with the Investment Manager and General Partner ("*Affiliates*"), may buy and sell securities for their own accounts or the accounts of others, but may not buy securities from or sell securities to the Partnership. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Affiliates are not obligated to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities. The Investment Manager's authority to use "soft dollar" credits generated by the Partnership's securities transactions to pay for expenses that might otherwise have been borne by the Investment Manager may give the Investment Manager an incentive to select brokers or dealers for Partnership transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Investment Manager rather than giving exclusive consideration to the interests of the Partnership.

Item 13 – Review of Accounts

The Adviser's *client* accounts are reviewed regularly, and, in any event, at least daily, by the Chief Risk Officer or assigns. NorCap's in-house Controller does a reasonableness review. The Adviser will make appropriate adjustments to the investments held in a *client* account as promptly as practicable after identifying the need for a change in such account. The Controller will review records relating to the trading in each *client* account on an ongoing basis and, in conjunction with the applicable portfolio manager(s) for the account, will monitor the suitability of such trades in light of any applicable policies, investment objectives, investment or other restrictions and previous disclosures made to *clients*.

Investors in the Funds generally receive monthly statements regarding their accounts in the Funds that include details pertaining to the performance and current market value of such accounts during the applicable reporting period as set forth in the Funds' private placement memoranda. NAV Consulting is performing final option pricing from CBOE system and for T bills they use IBC. NorCap's in-house Controller does a reasonableness review.

Item 14 – *Client* Referrals and Other Compensation

From time-to-time, the Adviser may have referral or solicitation arrangements with non-affiliated persons or entities to which the Adviser pays compensation for the referral of business.

Any such arrangements are pursuant to written arrangements consistent with Rule 206(4)-3 of The Advisers Act. The Adviser and/or the solicitation agent will make appropriate disclosures of such arrangements to the Fund and the Fund does not bear the cost of such referral or solicitation fees, nor is the advisory fee higher than the advisory fee to other Funds because of such payments.

Item 15 – Custody

The Adviser is deemed to have custody of the assets of each Fund. The Adviser maintains each Fund's accounts with a "qualified custodian" in accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). To comply with the requirements of the Custody Rule, each Fund is audited each year in accordance with GAAP by an independent public accountant and these audited financial statements are provided to Fund investors within 120 days of fiscal year end.

Item 16 – Investment Discretion

The Adviser has discretionary authority to trade on behalf of each of the *clients*. Such authority is set forth in the investment management agreement between the Adviser and each Fund or in the sub-adviser agreement. In all cases, the Adviser exercises such discretion in a manner consistent with the stated investment objectives in the investment management agreement and the *clients*' private placement memoranda.

Item 17 – Voting *Client* Securities

The Investment Manager maintains a policy seeking to ensure all proxies (or similar instruments) are voted in the best interest of Clients, including where there may be material conflicts of interest in voting proxies. The Investment Manager and General Partner generally believe their interests are aligned with the Clients and its Investors through, for example, their direct/indirect beneficial ownership interests in such Clients and therefore will not seek investor approval or direction when voting proxies. Therefore, there is a risk that a proxy vote may not align with the wishes of an individual investor. There may also be circumstances which create a conflict of interest in voting proxies as between the Investment Manager/General Partner and the Clients or as between Clients. In the event that there is or may be a conflict of interest in voting proxies, the Investment Manager may address the conflict using several alternatives, including internal assessment and resolution of such conflicts in favor of the best interests of the Clients, which may require interest balancing, or by seeking the approval, concurrence, or ratification of any then-established Client Investment Committee.

If the Adviser exercises voting authority with respect to its *clients*, it must make and retain the following: (a) a copy of each proxy statement that the Adviser receives regarding *client* securities, but may rely on obtaining a copy of a proxy statement from the SEC's Electronic Data Gathering Analysis, and Retrieval (EDGAR) system; (b) a record of each vote cast by the Adviser on behalf of a *client*; (c) a copy of any document created by the Adviser that was material to making a decision how to vote proxies on behalf of a *client* or that memorializes the basis for that decision; and (d) a copy of each written *client* (or investor) request, if any, for information on how the Adviser voted proxies on behalf of the *client*, and a copy of any written response by the Adviser to such a request.

The Investment Manager will provide Limited Partners, with information about how a proxy was voted, or with a copy of the proxy voting policy and related procedures, upon written request to the Chief Compliance Officer, NorCap Investment Management, L.P., 8350 North Central Expressway, Suite 725, Dallas, Texas 75206.

Item 18 – Financial Information

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to *clients* and has not been the subject of a bankruptcy proceeding.

David R. Norcom

Part IIB of Form ADV Brochure

NorCap Investment Management, LP
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March 30, 2020

This brochure supplement provides information about David R. Norcom that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8813 if you have any questions about the contents of this supplement.

Item 1- Educational Background and Business Experience

Name: David R. Norcom

Year of Birth: 1951

Formal Education: Texas A&M University

Business Background: Managing Director of NorCap Investment Management, L.P. and Principal of NorCap Advisors, LLC. Mr. Norcom co-created the proprietary option pricing model and the option investment strategy used by the Adviser. Prior to NorCap, Mr. Norcom spent over 25 years serving as an institutional consultant and investment advisor at Smith Barney and Morgan Keegan & Co. He has been published in Texas Business Magazine, Dallas-Ft. Worth Magazine, Southwest Airlines Magazine, Forum Magazine and Registered Representative.

Mr. Norcom is past president of the Association for Professional Investment Consultants. He has also served on many boards/committees including the Investment Advisory Committee to the State of Texas Permanent School Fund, the Investment Advisory Board to the Lowry Mays Graduate School of Business and the New York Stock Exchange Disciplinary Hearing Board. He is also a past member of the International Foundation of Employee Benefit Plans and the Investment Management Consultants’ Association.

Mr. Norcom is a graduate of Texas A&M University and Austin Presbyterian Theological Seminary, having received a BBA in management and economics in 1972 and a Master of Divinity in 1977, respectively. He is also a certified graduate of the Pension Fund Management course from the University of Pennsylvania's Wharton School of Business.

Item 2- Disciplinary Information

None.

Item 3-Other Business Activities

N/A

Item 4-Additional Compensation

N/A

Item 5-Supervision

The Adviser is required to manage *client* accounts in accordance with the investment guidelines and limitations described in a *client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Compliance review. The Adviser supervises Mr. Norcom and monitors the advice he provides to *clients* through regular reviews of *client* trading and positions for adherence to *client* investment guidelines and the Adviser's internal policies and procedures. For questions regarding Mr. Norcom's investment advisory activities contact the Adviser's Chief Compliance Officer at (972) 701-8813.

Item 6- Requirements for State-Registered Advisers

- A. N/A
- B. N/A

Terrence Brown

Part IIB of Form ADV Brochure

NorCap Investment Management, LP
8350 N Central Expy, Suite 725
Dallas, Texas 75206
972-701-8815
www.norcapfunds.com

This brochure supplement provides information about Terrence Brown that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8813 if you have any questions about the contents of this supplement.

Item 1- Educational Background and Business Experience

Name: Terrence Brown

Year of Birth: 1958

Formal Education: Western Illinois University

Business Background: Mr. Brown serves as Chief Risk Officer for NorCap Investment Management, L.P. Mr. Brown began his career in 1983 at the Chicago Board Options Exchange, and he went on to become an Options Market Maker. Prior to NorCap, Mr. Brown also served as a Trader, Risk Management Analyst, Managing Partner and co-owner of such firms as Panos Trading and CBM Trading, LLC. Mr. Brown has extensive expertise in index options and index futures, as well as experience with regulatory inquiries and examinations.

Mr. Brown was a member of the CBOE OEX Pit Committee from 1996 to 2002. Overall, Mr. Brown has 27 years of experience in the financial services industry.

Item 2- Disciplinary Information

None.

Item 3-Other Business Activities

N/A

Item 4-Additional Compensation

Mr. Brown may be eligible to receive a discretionary performance-based bonus as a participant in the Adviser's bonus pool at the sole discretion of the Adviser.

Item 5-Supervision

The Adviser is required to manage *client* accounts in accordance with the investment guidelines and limitations described in a *client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. Brown and monitors the advice he provides to *clients* through regular reviews of *client* trading and positions for adherence to *client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. Brown's investment advisory activities is: Mr. David Norcom, Managing Director of the Adviser and Principal of NorCap Advisors, LLC (972) 701-8816.

Item 6- Requirements for State-Registered Advisers

- A. N/A
- B. N/A

Kenneth L. Tananbaum

Part IIB of Form ADV Brochure

NorCap Investment Management, LP
8350 N Central Expy, Suite 725
Dallas, Texas 75206
972-331-4441
www.norcapfunds.com
March 30, 2020

This brochure supplement provides information about Kenneth L. Tananbaum that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8813 if you have any questions about the contents of this supplement.

Item 1- Educational Background and Business Experience

Name: Kenneth L. Tananbaum

Year of Birth: 1968

Formal Education: Yale University

Business Background: Kenneth L. Tananbaum serves as a Portfolio Manager and Derivatives Specialist of NorCap Investment Management, L.P. Prior to NorCap, Mr. Tananbaum has over 28 years of investment experience in various roles as an Equity Options Trader, Chief Investment Officer, and Senior Vice President of Convertible Securities in HBK Investments, Arbitex Asset Management LLC, or Palisade Capital management LLC. He was also co-founder, General Partner and Chief Investment Officer of Tugar Capital Management LP.

Mr. Tananbaum was a Member of the American and New York Stock Exchanges and served as a Specialist and Options Market Maker on both Exchanges.

Mr. Tananbaum is a graduate of Yale University having received a BA in economics and political science in 1990.

Item 2- Disciplinary Information

N/A

Item 3-Other Business Activities

N/A

Item 4-Additional Compensation

Mr. Tananbaum may be eligible to receive a discretionary performance-based bonus as a participant in the Adviser's bonus pool at the sole discretion of the Adviser.

Item 5-Supervision

The Adviser is required to manage *client* accounts in accordance with the investment guidelines and limitations described in a *client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. Tananbaum and monitors the advice he provides to *clients* through regular reviews of *client* trading and positions for adherence to *client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. Tanenbaum's investment advisory activities is: Mr. David Norcom, Managing Director of the Adviser and Principal of NorCap Advisors, LLC (972) 701-8816.

Item 6- Requirements for State-Registered Advisers

- A. N/A
- B. N/A

James A. White

Part IIB of Form ADV Brochure

NorCap Investment Management, LP
8350 N Central Expy, Suite 725
Dallas, Texas 75206
972-331-4440
www.norcapfunds.com
March 30, 2020

This brochure supplement provides information about James A. White that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8813 if you have any questions about the contents of this supplement.

Item 1- Educational Background and Business Experience

Name: James A. White

Year of Birth: 1963

Formal Education: Washington and Lee University; The University of Chicago Booth School of Business

Business Background: James A. White is Portfolio Manager and Managing Director NorCap Investment Management, L.P. Prior to entering the financial industry Mr. White was a combat ready fighter pilot with the United States Air Force—achieving the rank of Captain. Prior to NorCap, Mr. White was an Options Market Maker, Managing Director, Senior Vice President Portfolio Management, or Principal and Portfolio Manager of firms such as Tugar Capital Management LP, Palisade Capital Management LLC, and Excelsior Capital Management LLC. He was also co-founder, General Partner and Managing Director of Tugar Capital Management LP. He has appeared on CNBC as well as other news media outlets.

Mr. White was a Member of the Chicago Mercantile Exchange and the Chicago Board of Trade.

Mr. White is a graduate of Washington and Lee University and University of Chicago booth School of Business, having received a BA in business administration in 1986 and a Master of Business Administration - Finance in 1997, respectively.

Item 2- Disciplinary Information

None.

Item 3-Other Business Activities

N/A

Item 4-Additional Compensation

Mr. White may be eligible to receive a discretionary performance-based bonus as a participant in the Adviser's bonus pool at the sole discretion of the Adviser.

Item 5-Supervision

The Adviser is required to manage *client* accounts in accordance with the investment guidelines and limitations described in a *client*'s investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. White and monitors the advice he provides to *clients* through regular reviews of *client* trading and positions for adherence to *client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. White's investment advisory activities is: Mr. David Norcom, Managing Director of the Adviser and Principal of NorCap Advisors, LLC (972) 701-8816.

Item 6- Requirements for State-Registered Advisers

- A. N/A
- B. N/A