

ITEM 1: Cover Page

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FORM ADV PART 2A

This brochure provides information about the qualifications and business practices of Spouting Rock Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration of an Investment Adviser does not imply any certain level of skill or training.

Additional information about Spouting Rock Asset Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. You can view our Firm's information on this website by searching for Spouting Rock Asset Management, LLC. You may search for information by using the Firm's CRD number. The CRD number for Spouting Rock Asset Management, LLC is: 150516.

ITEM 2: Summary of Material Changes

As part of each annual update, Spouting Rock Asset Management, LLC (“SRAM”) typically makes changes throughout its Form ADV Part 2A (this “Brochure”) in an effort to improve and clarify the descriptions of its and its affiliates’ business practices and compliance policies and procedures, as well as in response to evolving industry and firm practices.

In addition to the foregoing, since its last annual filing on March 29, 2019, SRAM has made the following updates:

Item 4: Advisory Business has been updated to reflect regulatory assets under management as of January 31, 2020.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss has been updated to reflect the addition of Pandemic Risk to the list of General Risk Factors.

Item 10: Other Financial Industry Activities and Affiliations has been updated to reflect the SRAM’s affiliation with Spouting Rock Fund Management (“SRFM”), a registered investment adviser that seeks to provide investment management services to a mutual funds.

Item 11: Code of Ethics has been updated to reflect potential conflicts of interest arising from certain advisory clients that own debt instruments issued by the parent company of SRAM, Spouting Rock Financial Partners, LLC.

ITEM 3: Table of Contents

ITEM 1: Cover Page.....	1
ITEM 2: Summary of Material Changes	2
ITEM 3: Table of Contents.....	3
ITEM 4: Advisory Services.....	4
ITEM 5: Fees and Compensation.....	6
ITEM 6: Performance Based Fees and Side-By-Side Management	10
ITEM 7: Types of Clients.....	11
ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	11
ITEM 9: Disciplinary Information.....	18
ITEM 10: Other Financial Industry Activities and Affiliations	18
ITEM 11: Code of Ethics.....	20
ITEM 12: Brokerage Practices	21
ITEM 13: Review of Accounts.....	22
ITEM 14: Client Referrals and Other Compensation	22
ITEM 15: Custody	22
ITEM 16: Investment Discretion	23
ITEM 17: Voting Client Securities (i.e., Proxy Voting)	23
ITEM 18: Financial Information.....	24
ITEM 19: Requirements for State Registered Advisers	24

ITEM 4: Advisory Services

Description of Advisory Services:

Spouting Rock Asset Management, LLC (“SRAM”) is based in Bryn Mawr, Pennsylvania and became registered as an investment adviser with the Commonwealth of Pennsylvania in September 2009. In November 2014, we filed for registration as an investment adviser with the SEC. SRAM is organized as a limited liability company under the laws of the State of Delaware. We are principally owned by Spouting Rock Financial Partners, LLC (“SRFP”).

We are a boutique investment management firm currently offering professional portfolio management to a registered investment company, as well as to individuals and institutions desiring investments in liquid alternative products. The advisory services offered by Spouting Rock generally include portfolio management, investment advice, consulting services, and related account services.

Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. We primarily manage client portfolios with full investment discretion with consideration of individual investors’ needs when recommending an investment strategy. If we are retained for portfolio management services, we will conduct a process to determine the investment objectives and other relevant information. We may also customize a portfolio based upon clients’ investment objectives.

Manager Select. We offer three investment strategies through our Manager Select Strategies (“Manager Select Strategies”) Program:

- Spouting Rock Alternative Income Strategy (“Income Strategy”)
- Spouting Rock Absolute Return (“Abs. Return Strategy”)
- Spouting Rock Low Volatility (“Low Vol. Strategy”)

Generally, we will invest your assets by employing our Manager Select Alternative Strategies. Once we create an investment portfolio, we will monitor the portfolio’s performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

Each Manager Select Strategy is an actively managed, globally diversified portfolio of 8 to 20 mutual funds and ETFs designed with a specific mandate. We begin with a strategic allocation to the major asset classes. Each Strategy is designed to capture capital gains and/or income in pursuit of a client’s long-term investment goals. Efficient, low cost funds typically are utilized. Fund shares will be purchased on a “no load” basis when available. We perform all due diligence and manager selection internally. Typically, our Manager Select Strategies will be part of a larger overall portfolio.

Small Cap Growth Strategy. The Small Cap Growth strategy takes an institutional, research-based approach to uncovering small cap companies that are future compounders, companies undergoing demonstrated business improvements that should benefit from higher compound earnings growth and stock price appreciation.

Pooled Investment Vehicles. As of the date of this Brochure, SRAM provides investment advisory services, pursuant to the investment guidelines as set forth in the applicable offering memoranda, to Highwood Capital, L.P., a Delaware limited partnership (“Highwood”), Victor Equity, LP, a Delaware limited partnership (“Victor LP”), Victor Equity Ltd. a Cayman Island exempted limited partnership (“Victor Ltd”), and Spouting Rock I, LP, a Delaware limited partnership (“SR I” and together with Highwood, Victor LP, Victor Ltd, the “Private Funds”).

Spouting Rock GP, LLC, a Delaware limited liability company (the “General Partner”) is the sole general partner of the Highwood and SR I funds. Blakely Page is the Managing Member of Spouting Rock GP, LLC. SRAM is the sole General Partner of the Victor LP Fund.

The Private Funds are privately-offered funds that will seek to make investments (equity or debt) in private or publicly-traded companies. Certain Private Funds may engage in short sales of equity securities in an effort to reduce the volatility of the returns in the fund. Certain Private Funds may employ leverage to enhance returns, as well. We also use options and Exchange Traded Funds (“ETFs”) from time to time.

SRAM may provide investment advisory services to other private funds in the future. SRAM tailors its Portfolio Management Services to the specific needs of each particular Private Fund by complying with the terms of each Private Fund’s governing documents or other limitations which the Private Fund may request. For more information, about our investment strategies, please see Item 8 (Methods of Analysis, Investment Strategies and Risks of Loss).

Subject to an investment advisory agreement (“Advisory Agreement”) with us, a client may impose reasonable restrictions on the securities or types of securities held in the client’s account. Due to the potential conflict of interest with respect to the Fund, these restrictions may include a prohibition against investing in the Fund for a client’s account.

The investment strategies discussed in this brochure may not be appropriate for all clients. We will only select or recommend those strategies that are believed to be suitable for a particular client.

Important Note about Our Advisory Services. SRAM currently provides and/or intends to provide model portfolio recommendations to other investment advisers, institutions and high net worth individuals. Services and fees for these arrangements will be on a negotiated basis.

Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third-party money manager to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific money manager or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not

limited to, the following: the money manager's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the money manager(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The third-party money manager(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire the money manager(s) and/or reallocate your assets to other money manager(s) where we deem such action appropriate.

Investment Consulting Services

We offer investment consulting services which primarily involves advising clients on specific financial-related topics. We provide these services to family offices, wealth management firms, insurance companies and foundations. These services include qualitative, quantitative and operational due diligence services on managers of pooled investment vehicles, due diligence reporting, portfolio oversight, risk factor analysis, ranking underlying portfolio funds and peers by key return and risk factors, portfolio rebalancing summaries, portfolio diversification analysis, marginal risk analysis, standardized Markov reporting and customized due diligence and reporting services.

Wrap Fee Program

We are neither a portfolio manager to nor a sponsor of any wrap fee program.

Assets Under Management

Our discretionary assets under management as of January 31, 2020 are approximately \$690,788,893 and our non-discretionary assets under management are \$0.

ITEM 5: Fees and Compensation

Portfolio Management Services

Our annual fee for Manager Select Strategies and the Small Cap Growth Strategy is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Assets Under Management	Manager Select Strategies Annual Fee	Small Cap Growth Strategy Annual Fee
\$0 to \$9,999,999	0.50%	0.85%
\$10,000,000 to 19,999,999	0.40%	0.75%
\$20,000,000 and up	0.40%	0.65%

A minimum of \$100,000 of assets under management is required to establish a Manager Select Strategies Account. account, though account sizes may be negotiable under certain circumstances. A minimum of \$200,000 of assets under management is required to establish a Small Cap Strategy account. We may aggregate certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

If the Advisory Agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in a quarter for which you are a client.

General Fee Information: Although we have established the above fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include, among other things, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports. The annual fee schedule applicable to each client is identified in the Investment Advisory Agreement between SRAM and the client.

Our advisory fees are billed quarterly in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from clients' accounts in accordance with their authorization in the Advisory Agreement. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Selection of Other Advisers

Third-party advisory fees charged by third-party money managers are separate and apart from our advisory fees. Assets managed by third-party money managers will either be included in calculating our advisory fee, which is based on the fee schedule set forth in the "Portfolio Management Services" above and is in addition to the third-party money manager's fees. You should review the recommended third-party money manager's disclosure brochure and take into consideration the third-party money manager's fees along with our fees to determine the total amount of fees associated with this program.

Alternatively, we may share in the fee charged by the third-party money manager. Advisory fees that you pay to the third-party money managers are established and payable in accordance with the disclosure brochure provided by each third-party money manager to whom you are referred. These fees may or may not be negotiable.

You will be required to sign an agreement directly with the recommended third-party money manager(s). You may terminate your advisory relationship with the third-party money manager according to the terms of your agreement with the third-party money manager. You should review each third-party money manager's disclosure brochure for specific information on how you may terminate your advisory relationship with the third-party money manager and how you may receive a refund of fees, if applicable. You should contact the third-party money manager directly for questions regarding your advisory agreement with the third-party money manager.

Investment Consulting Services

We charge a fixed monthly fee for advisory consulting services. Fixed fees are negotiable and generally range from \$10,000 to \$20,000, depending on the scope and complexity of services to be rendered. Fees are billed and paid monthly in arrears or in advance according to the agreement you sign with us. If our services are retained in the middle of a month, the

fee for such month will be calculated on a pro rata basis, based upon the number of days remaining in the month. The fee may be re-evaluated on an annual basis.

In addition to the fees payable to us under the investment consulting service agreement, clients may also be requested to reimburse SRAM for reasonable out of pocket expenses incurred in connection with the contracted services rendered.

For an additional, separate fee, you may also retain our firm to manage your securities portfolio, as described in the "Portfolio Management Services" section in this Brochure.

Advisory Services to Pooled Investment Vehicles

SRAM charges the Private Funds an investment management fee for its services. The fees are calculated and payable quarterly in advance. The management fee ranges from 1.0% to 2.0%. The Private Funds may enter into side agreements and negotiate fees that require investors to contribute management fees to the Private Fund according to any specific terms as outlined in the side agreement. These fees may be lower than the management fees as disclosed in the offering documents and payable pursuant to the Partnership Agreement. Additionally, distributions to investors in the Private Funds are typically subject to some form of carried interest or similar profit allocation for the benefit of one or more of SRAM's affiliates. For more information, please see Item 6 (Performance-Based Fees and Side-By-Side Management).

Fees are generally paid by or on behalf of Funds by requiring the investors in the Funds to make a capital contribution in respect of such fees. Fees paid by Funds may, as described in the governing documents for the Funds, require a minimum capital commitment from all investors. Fees paid by the Funds are deducted from accounts by the General Partner and paid to SRAM.

In addition to the advisory fees paid by the Private Funds, the Private Funds will incur other expenses in connection with obtaining services such as travel expenses incurred by SRAM employees and others for attending board meetings of the portfolio investments, third-party expenses incurred in connection with the operation of the Private Funds or the investment portfolio. These third-party fees may include the costs and expenses related to the purchase, evaluation of, holding and sale of portfolio investments (to the extent not reimbursed); expenses of any agents, custodians, counsel and accountants (including audit, tax preparation and certification fees); any insurance, indemnity or litigation expenses, certain taxes, fees or other governmental charges levied against the Private Funds; out-of-pocket expenses and other extraordinary expenses associated with the management or offering of the Private Funds. All such fees are discussed in the governing documents for each of the Private Funds.

For all Private Funds, the investment advisory fee may be reduced by a percentage of transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees, or other similar fees earned by the Fund's general partner or adviser as a result of services performed by it for the benefit of the Fund or a Fund's portfolio company, net of out-of-pocket expenses incurred in connection with the fees.

There may be other fees and expenses as well depending upon the particular investments

of each Fund. Investors and prospective investors in the Funds should review offering documents for any particular investment carefully before investing.

Fees and Compensation Matters Across all SRAM Advisory Activities

Termination of the Advisory Relationship. An Advisory Agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. You will incur a pro rata charge for services rendered prior to the termination of the Advisory Agreement, which means you will incur advisory fees only proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Fees of Other Investment Companies. All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by open and closed end mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services and our fees. In that case, the client would not receive the services provided by our firm that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our advisory fees to fully understand the total amount of fees paid in connection with the advisory services we provide.

Additional Fees and Expenses. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and securities transaction fees and ticket or clearing charges imposed by executing broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s).

Grandfathering of Minimum Account Requirements. Pre-existing advisory clients are subject to Adviser's minimum account requirements and advisory fees that were in effect at the time the client entered into the Advisory Agreement. Therefore, our minimum account requirements may differ among clients.

Compensation for the Sale of Securities or Other Investment Products.

Persons providing investment advice on behalf of our firm are registered representatives with Spouting Rock Capital Advisors, LLC a securities broker-dealer, and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of

generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

ITEM 6: Performance Based Fees and Side-By-Side Management

Performance-based fees or carried interest profit allocations are subject to regulation under Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). SRAM seeks to ensure that any Client or investors in a Private Fund that are directly or indirectly assessed performance-based fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 and have been advised of such fees or allocations and their risks.

Clients may be charged performance-based fees or carried interest. The performance-based fees or carried interest allocations will not exceed 20% of profits, and are subject to certain preferred return hurdles. The performance-based fees or carried interest allocations are paid to the general partner of the relevant Private Fund. The manner of calculation and the application of performance-based fees or carried interest profit allocations are disclosed in the governing documents for each of the Private Funds which are charged such fees. The Private Funds may enter into side agreements and negotiate carried interest profit allocations that may be lower or higher than the carried interest profit allocations as disclosed in the offering documents.

Management of accounts according to different investment strategies can create conflicts of interest because investments for one strategy may negatively affect investments for another. For example, a short sale of a security for accounts that permit short selling could decrease the value of that security in other accounts that prohibit short selling.

In addition, SRAM manages certain accounts (“Incentive Accounts”) for which it has a greater incentive to achieve better performance relative to other managed accounts (“Regular Accounts”). Incentive Accounts include any account that pays a performance-based fee to SRAM or its affiliates.

SRAM’s management of Incentive Accounts alongside Regular Accounts raises a number of conflicts of interest. For example, SRAM may determine from time to time that a particular security is suitable for both its Incentive Accounts and Regular Accounts. In such circumstances, SRAM has an incentive to allocate the best investment ideas to Incentive Accounts instead of to Regular Accounts, to allocate a greater percentage of an investment idea to Incentive Accounts than to Regular Accounts, to trade investment ideas for Incentive Accounts ahead of Regular Accounts, or take other actions which favor the Incentive Account.

SRAM also potentially has an incentive to take increased investment risk with respect to Incentive Accounts. SRAM has policies and procedures in place designed to address this conflict and to ensure allocation of investments to client accounts on a fair and equitable basis, taking into account factors such as the Client’s size, investment objectives, risk tolerance, return targets, diversification considerations, and the liquidity needs of each

Client.

Nonetheless, there are times when SRAM makes investment decisions for various accounts that differ in substance, nature, timing and/or amount. Such differences may be due to, among other things, differences in investment objectives, size and makeup of the accounts, or other factors affecting the appropriateness or suitability of particular investments for specific accounts. Because of such differences, SRAM may at times allocate the best investment ideas to Incentive Accounts instead of to Regular Accounts, allocate a greater percentage of an investment idea to an Incentive Account than to a Regular Account, or trade investment ideas for Incentive Accounts ahead of Regular Accounts. For example, a particular security that is not currently eligible for purchase by a Regular Account due to sector weight limitations may be eligible for purchase by an Incentive Account.

SRAM has adopted policies and procedures with respect to side-by-side management of Incentive Accounts and Regular Accounts. Under these policies and procedures, all trades for all accounts must be made for investment management reasons and based on the SRAM allocation policies described in this Brochure in Item 12 (Brokerage Practices). Thus, SRAM may not trade for one account specifically for the purpose of advantaging another account managed by SRAM. Compliance within SRAM periodically reviews trading for Incentive Accounts and Regular Accounts to monitor that portfolio managers are complying with the policies and procedures described above.

ITEM 7: Types of Clients

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- Registered Investment Companies
- Pooled Investment Vehicles
- Investment Advisors
- Family Offices
- Charitable, non-profit organizations

In general, we require a minimum of \$100,000 to open and maintain an advisory account, but certain investments have higher minimums. However, at our discretion, we may waive these minimum account sizes. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Methods of Analysis

Loss Analysis: We rely on a variety of information sources to assist us with our analysis. These sources include information from a number of news outlets including newspapers,

periodicals and websites. We also utilize Morningstar DirectSM and MPI StylusSM. We use various methods of analysis when providing investment management services to the Funds and our clients. These include, but are not limited to, the following methods:

Quantitative Analysis: We use mathematical models to analyze a fund or strategy's historical returns with respect to market risk factors to identify or exploit exposure within these factors. Such models may include regression or factor-based analysis as appropriate.

Qualitative Analysis: We subjectively evaluate a fund's strategy based on the team's collective experience in managing the strategy, structure viability, impact of various market risk factors on returns, as well as other factors that are not readily subject to measurement.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Additional Forms of Analysis: We may also rely on the following methods:

- Attribution analysis
- Downside risk, distribution analysis
- Analysis of factor and style exposures and drift
- Analysis of diversification within the portfolio using Principal Component
- Analysis based models
- Analysis of exposures to major economic factors, such as Equity Risk, Credit Risk, Trend Following, and Duration
- Analysis of return distributions, incorporating non-normal return moments

Portfolio Management Strategies

Listed below are a number of strategies we may use to manage client accounts. In all instances, the strategy employed must be appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons. Other considerations that may be factored in include taking into account the expected performance of various sub-strategies and the impact of the overall portfolio objective:

Long-Term Purchases: We purchase securities with the view to hold them in a client's account for one year or longer. Typically, we employ this strategy when:

- we believe the securities are currently undervalued, and/or
- we are seeking exposure to a particular asset class over time, regardless of the current projection for this class.

The risk of a long-term purchase strategy is that by holding the security for the long term,

we may not take advantage of short-term gains that could be profitable to a client.

Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-Term Purchases: When utilizing this strategy, we purchase securities with the view to sell them within a relatively short time (typically a year or less). We employ this strategy to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. We may include the occasional purchase of ETFs used for hedging purposes.

Option Writing: Our strategies may involve the use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the owner the right to buy a security at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we believe that the price of the stock will fall before the option expires. We may use options to “hedge” the purchase of an underlying security in a client’s portfolio by limiting the potential upside and downside of a security.

Should we employ an options strategy in our clients’ portfolios, we shall seek to reduce the volatility of the portfolios by selling covered call options. When a client sells a covered call option, the purchaser of the option has the right to buy that stock at a predetermined price (exercise price) during the life of the option. If the purchaser exercises the option, the client must sell the stock to the purchaser at the exercise price. The option is “covered” because the client owns the stock at the time it sells the option. As the seller of the option, the client receives a premium from the purchaser of the call option, which may provide additional income to the client.

The selling of covered call options may tend to reduce volatility for the client’s account because the premiums received from selling the options will reduce any losses on the underlying securities, but only by the amount of the premiums. However, selling the options will also limit the gain on the underlying securities.

Risk of Loss:

Investing in securities involves a risk of loss that clients should be prepared to bear. An investment in the Funds is speculative and involves substantial risks, including the risk of loss of your entire investment. These risks also include, but are not limited to, the speculative nature of allocating assets to Portfolio Managers and the substantial charges

that the Fund will incur, regardless of whether any profits are earned.

In managing the Manager Select and Small Cap Growth Strategies, we intend to manage risk through portfolio diversification, limited use of leverage, a move to increased cash levels when there are no attractively priced investment opportunities and selective shorting or market hedging. The particular risk factors applicable to the securities held by the Manager Select Strategies include, but are not limited to, the following:

- Market Risk. Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk. Economies and financial markets throughout the world are becoming increasingly interconnected which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.
- Management Risk. The success or failure of our investment portfolio management will vary with the outcome of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the values of the investment will decrease.
- Selection Risk. An investment model that invests in actively managed mutual funds may underperform because of a fund manager's incorrect judgment about the attractiveness, value and potential appreciation of a particular issuer's securities.
- Diversification Risk. Certain investment models and underlying funds may be non-diversified. These investment models and underlying funds may invest a greater percentage of their assets in a single fund or securities of a single issuer and in a relatively small number of issuers. These investment models and underlying funds are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio. Some of those issuers may also present substantial credit risk.
- Equity Risk. Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies.
- Small- and Mid-Capitalization Risk: Small- and mid-capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole. Securities of small- and mid-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.
- Fixed Income Risk. The issuer of a fixed income security may not be able to make

interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security may decline because investors demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

- Mutual Fund Risk. Open-end and closed-end mutual funds and ETFs invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. We have no control over the investment strategies, policies or decisions of the underlying funds and, in the event of dissatisfaction with such a fund, our only option would be to liquidate clients' investments in that fund. Mutual funds and ETFs charge their own management fees and expenses, which may be duplicative, and adversely affect investment returns.
- Municipal Securities Risk. Municipal securities carry different risks than those of corporate government and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled U.S. Government Securities. We may recommend securities issued by the U.S. Government and by U.S. Government agencies and instrumentalities. Only U.S. Government securities are supported by the full faith and credit of the United States.
- Alternative Investments Risks. Hedge funds, as well as private equity, venture capital, private real estate and other private partnerships typically engage in highly speculative trading strategies. These private funds are illiquid, their assets may also be illiquid and their performance results can be extremely volatile. Alternative funds may use fair valuation techniques, which are subjective, and there is no guarantee that the client would realize proceeds equal to fair value upon the sale of a security. Investments in alternative funds are illiquid, and the assets of the funds also may be illiquid. Private funds typically charge higher management fees and performance fees, and these funds also incur their own operating expenses, which may be substantial.
- Hedging Transactions Risks. Certain investment strategies may make use of a variety of financial instruments, such as short sales, derivatives, options, interest rate swaps, caps and floors, futures and forward contracts to seek to hedge against declines in the values of their portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events.

- New Issues Risk. A portion of the Funds' return may be derived from investments in securities issued in an initial public offering. Partners who, as a result of FINRA Rule 5130 regarding "hot issues," are not eligible to hold an interest (directly or indirectly) in a new issue will not be entitled to any interest in a new issue that the Funds may acquire.
- Short Selling Risk. Certain investment strategies may engage in short selling. Short selling involves the borrowing and subsequent sale of securities. Securities borrowed must be returned to the lender, typically on demand. While the use of borrowed funds and short sales can substantially improve the return on invested capital, their use may also increase any adverse impact to which the investments of a Portfolio Fund may be subject. There is a risk that short positions may be required to be prematurely closed out or that securities are not available for purchase at all or at favorable prices when they are required to be returned. Losses on securities sold short can increase rapidly and are theoretically unlimited.
- Use of Leverage Risk. Certain investment strategies will utilize leverage in their investment programs. Victor LP and Victor Ltd may engage in investment strategies in which the degree of leverage is not limited to any predetermined level, but will be subject to applicable legal and broker-dealer imposed leverage limitations. Leverage may be achieved in numerous ways, including through margin borrowings, structured financings, and the use of synthetic instruments and derivatives. While the use of leverage can enhance returns under certain circumstances, it also exposes clients to greater losses from investments than would otherwise have been the case had leverage not been used. The use of leverage also subjects clients to the risk of default and the potential material adverse consequences to the client of a default.
- Derivatives Risk. The Private Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. Derivatives typically involve highly-leveraged exposure to underlying reference assets from which their value, at least in part, is derived. Accordingly, these instruments bear the risk inherent in the use of leverage generally, including the risk of default and collateral posting requirements, and are also exposed to the risks of the referenced asset or assets.
- Futures Risk. Futures markets are highly volatile. To the extent the Funds engage directly or indirectly in transactions in futures contracts and options on futures contracts, the profitability of the Fund will depend to some degree on the ability of the Portfolio Manager to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events, and changes in interest rates.
- Options Transaction Risk. The purchase or sale of an option by the Private Funds involves the payment or receipt of a premium by the investor and the corresponding

right or obligation to either purchase or sell the underlying security or other instrument for a specified price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received. Selling a call option on an underlying security generally exposes a client to losses that may be theoretically unlimited.

- **Forward Contracts Risks.** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.
- **Foreign Investment Risks.** Investment in securities of non-U.S. companies and futures or other derivative contracts outside of the U.S. may be subject to greater risks than purely domestic investments for a variety of reasons, including currency controls, the fluctuation of currency exchange rates, and changes in monetary systems, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations.
- **Analytical Risk.** Our securities analysis methods rely on the assumption that the companies whose securities we recommend, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. There is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risk Factors Specific to the Private Funds

An investment in any of the Private Funds involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Private Fund’s investment objectives will prove successful or (ii) investors will not lose all or a portion of their investment in a Private Fund.

Investments should only be made if an investor is willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in a Private Fund is likely to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. Investors should therefore bear in mind the following risk factors and conflicts of interest:

- **Lack of Limited Partner Control Over Private Funds.** The management, financing and disposition policies of the Private Funds and its policies with respect to certain other activities including distributions and operating policies, are determined by the General Partner. These policies may be changed from time to time at the discretion of the General Partner without a vote of the Limited Partners, although the General

Partner has no present intention to make any such changes. Any such changes could be detrimental to the value of the respective Private Fund. Limited Partners of the Private Funds have no right to participate in the management of the Private Funds, to make any decisions with respect to the investments to be made by that Fund or, except under limited circumstances, to remove the General Partner.

- No Separate Counsel. Neither the Partnership Agreements nor any of the agreements, contracts and arrangements between the Private Funds and the General Partner were or will be the result of arms-length negotiations. The attorneys, accountants, and others have performed services for the Private Funds in connection with this offering, and who will perform services for the Private Funds in the future, have been and will be selected by the General Partner. No independent counsel has been retained to represent the interests of investors or Limited Partners, and the Partnership Agreements have not been reviewed by any attorney on their behalf. Investors are therefore urged to consult their own counsel as to the terms and provisions of the Partnership Agreements and all other related documents.

General Risk Factors

Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

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 potential investor's evaluation of SRAM or the integrity of SRAM's management. SRAM has no disciplinary information to disclose.

ITEM 10: Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Spouting Rock Capital Advisors, LLC ("SRCA") is an affiliate of SRAM and is a registered broker-dealer and member of FINRA and SIPC. Some management personnel are also registered with SRCA as a registered representative or general securities principal. The broker-dealer business of SRCA is limited to the provision of merchant banking and private

placement services. As such, no securities transactions for separately managed accounts are directed to SRCA. The individuals registered with SRCA may affect transactions for which they will receive usual and customary compensation. While SRAM and these individuals endeavor at all times to put the interests of our clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. However, not all of our Associated Persons are also registered representatives of SRCA.

Arrangements with Affiliated Entities

Spouting Rock Investments, LP

Blakely Page, a principal, also manages Spouting Rock Investments, LP ("SRILP"), which is a private fund mainly consisting of investments in private companies and/or hedge funds. SRILP was created to manage commingled capital in various fund formats. Investment opportunities in SRILP are limited to our employees, our affiliated companies, family and close friends. Our clients are not solicited to invest in any investment vehicle created or managed by SRILP. Our principal, Blakely Page, serves as a member of the general partner of SRILP.

Spouting Rock Investment Associates, LLC

Spouting Rock Investment Associates, LLC ("SRIA") is a passive investment vehicle focusing on investments in growth companies and certain private equity funds. Our clients are not solicited to invest in any investment vehicle created or managed by SRIA. Our principal, Blakely Page, also serves as principal of SRIA. SRIA is the sole General Partner to SRILP.

Spouting Rock GP, LLC

As noted in Item 4 (Advisory Services), Spouting Rock GP, LLC is the sole general partner of the Highwood and SR I funds. As a relying adviser, Spouting Rock GP, LLC is part of a single umbrella registration by SRAM, the filing adviser. Accordingly, the two entities are supervised by the same control persons and have adopted and implemented the same policies and procedures (such as, code of ethics) mandated by the Investment Advisers Act of 1940 ("Advisers Act").

The referral arrangements we have with our affiliated entities present a conflict of interest because we have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

Spouting Rock Fund Management

Spouting Rock Fund Management ("SRFM") is an SEC-registered investment adviser. The Firm is an investment adviser that seeks to provide investment management services to a mutual funds.

Recommendation of Other Advisers

We may recommend that you use a third-party adviser based on your needs and suitability. We will receive compensation from the third-party money manager for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third-party adviser. You are not obligated, contractually or otherwise, to use the services of any third-party adviser we recommend.

ITEM 11: Code of Ethics

We have adopted a Code of Ethics that governs the management of potential conflicts of interest that we may have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client and to instill a culture of compliance across our firm. The Code of Ethics is structured to comply with Rule 204A-1 of the Investment Advisers Act. An additional purpose of our Code of Ethics is to detect and prevent violations of securities laws, including the fiduciary obligation we owe to our Clients. Our Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter. We also supplement the Code of Ethics with annual training and on-going monitoring of employee trading activity.

You may request a complete copy of our Code of Ethics by contacting us at the address, telephone or email on the cover page of this Brochure.

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. Where conflicts of interest arise between our Funds and other accounts managed by our portfolio manager(s), we will proceed in a manner that ensures that our Funds will not be treated more or less favorably. There may be instances where similar portfolio transactions may be executed for the same security for numerous accounts managed by the portfolio managers. In such instances, securities will be allocated in accordance with our trade allocation policy.

Certain advisory clients of SRAM are owners of debt instruments issued by the parent company of SRAM, Spouting Rock Financial Partners, LLC. This may present a conflict of interest as SRAM may have an incentive to favor these clients ahead of other clients. To mitigate this conflict of interest, the CCO monitors account activity to ensure that these clients are not treated more or less favorably than other SRAM advisory clients.

Personal Trading Practices

Our firm, or persons associated with our firm, may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

ITEM 12: Brokerage Practices

We maintain relationships with several broker-dealers. To the limited extent that we engage in transactions other than investments with investment managers, we have the authority to determine the financial intermediaries to be used in connection with the transactions and to negotiate the amount of commission or other compensation to be paid to such intermediary. We negotiate such compensation on a case-by-case basis and do not seek to obtain products, research or other services, other than transactional services, from such intermediaries.

We will take into account a number of factors when choosing intermediaries. These factors include, among other things, commission rates and other transactional charges, the intermediary's financial strength, stability, responsibility, reputation, reliability, responsiveness, ability to execute trades, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions, efficiency of execution, and error resolution. Accordingly, transactions may not always be executed at the lowest available price or commission.

Soft Dollar Benefits

Research products and services paid for with soft-dollars are generally of the type described in Section 28(e) of the Securities and Exchange Act of 1934. These products and services provide assistance to us in the performance of our investment decision-making responsibilities and are designed to augment our own internal research and investment strategy capabilities.

We receive both proprietary and non-proprietary research, and these services include a wide variety of written reports on individual companies and industries, current and historical statistical information, comparative performance evaluation, technical measurement data, general economic data, information on federal and state legislative developments, and changes in accounting practices. These services may also include direct access to research analysts, corporate management personnel, industry experts, and economists.

These research services are used to carry out our investment management responsibilities with respect to the Victor LP and Victor Ltd Funds. Accordingly, we seek to allocate soft dollar benefits specifically to the credits those funds generate.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

Some clients, when undertaking an advisory relationship, may already have a pre-established relationship with a broker-dealer. Therefore, the client may instruct SRAM to execute all transactions through that broker-dealer. If the client directs SRAM to use a particular broker-dealer, the client recognizes that SRAM will likely have no authority to negotiate commissions, to obtain volume discounts and best execution may not be achieved. Under these circumstances, there may be a disparity in commissions charged among SRAM

clients. A potential conflict of interest may arise from such referrals and directed brokerage relationships.

Block Trades

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day.

ITEM 13: Review of Accounts

We review our clients' accounts on a periodic basis as well using various forms of reporting that are available to us.

You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

ITEM 14: Client Referrals and Other Compensation

As disclosed under the "Fees and Compensation" section in this Brochure, certain persons providing investment advice on behalf of our firm are registered representatives with Spouting Rock Capital Advisors, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to Item 5 (Fees and Compensation).

ITEM 15: Custody

In arrangements where we are permitted and authorized to do so, we will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts would cause our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at the phone number listed on the cover of this brochure.

Certain SRAM affiliates have custody of certain Private Fund assets. Each of these Private Funds and their investors receive annual audited financial statements from the Private Fund's auditor, within 120 days of the end of the Private Fund's fiscal year. Cash and certain other assets are custodied with a Qualified Custodian, in accordance with the requirements of Rule 206(4)-2 of the Advisers Act. For those Private Fund assets held by a Qualified Custodian, the Qualified Custodian sends statements to the relevant Private Fund at least quarterly in accordance with Rule 206(4)-2. An independent public accountant audits annually the Funds and the audited financial statements are distributed to the investors in the pools.

ITEM 16: Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular security or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into a non-discretionary arrangement with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

ITEM 17: Voting Client Securities (i.e., Proxy Voting)

Generally, SRAM will not vote proxies on behalf of its advisory accounts but may do so in certain situations which will be specified in the Advisory Agreement

At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies via electronic mail.

A copy of our proxy voting policies and procedures is available upon request.

ITEM 18: Financial Information

SRAM does not require or solicit the payment of more than \$1,200 in fees per client, six months or more in advance. Additionally, SRAM has never been the subject of a bankruptcy petition and is not aware of any financial condition that could be reasonably expected to impair the Firm's ability to meet its contractual commitments to clients.

ITEM 19: Requirements for State Registered Advisers

We are registered with the SEC as an investment adviser; thus this section is not applicable.