

***Brochure***

**Three Bridges Capital, LP**

**March 30, 2020**

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This brochure (this "Brochure") provides information about the qualifications and business practices of Three Bridges Capital, LP (the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact the Adviser at (212) 523-9760 or [dkatz@threebridgescap.com](mailto:dkatz@threebridgescap.com). This information has not been approved or verified by the SEC or by any state securities authority.

This Brochure also relates to Three Bridges Capital GP, LLC (the "Fund General Partner"); however, to the extent the qualifications and business practices of the Fund General Partner are substantially similar to those of the Adviser, no specific mention of the Fund General Partner is made herein.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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## Item 2. Material Changes

The Adviser is required to identify and discuss any material changes made to its Brochure since the last annual update. The Adviser has made the following material update to its Brochure on March 30, 2020 since the last annual update of its Brochure on March 26, 2019:

- Effective October 28, 2019, the Adviser moved its Principal Office and Place of Business to 575 5th Avenue, 14<sup>th</sup> Floor, New York, New York 10017 and updated the Cover Page of this Brochure in connection therewith.
- Effective June 30, 2019, the Adviser transferred the assets of Three Bridges Europe Long Only Fund LP and Three Bridges Europe Long Only Fund Ltd. and the respective master fund through which they invested their assets, Three Bridges Europe Long Only Master Fund Ltd. (collectively, the “Long Only Funds”), to specified classes of interests or shares (as applicable) of the “Funds” (as defined herein). Refer to Item 8 for additional information.
- Effective March 16, 2020, David Katz will replace Keith O'Connor as Chief Compliance Officer of the Adviser.

**TABLE OF CONTENTS**

Item 1.	Cover Page .....	1
Item 2.	Material Changes .....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business.....	3
Item 5.	Fees and Compensation .....	4
Item 6.	Performance-Based Fees and Side-by-Side Management .....	6
Item 7.	Types of Clients .....	7
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9.	Disciplinary Information.....	16
Item 10.	Other Financial Industry Activities and Affiliations .....	17
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
Item 12.	Brokerage Practices.....	21
Item 13.	Review of Accounts .....	24
Item 14.	Client Referrals and Other Compensation.....	25
Item 15.	Custody .....	26
Item 16.	Investment Discretion .....	27
Item 17.	Voting Client Securities .....	28
Item 18.	Financial Information.....	30
Item 19.	Requirements for State-Registered Advisers .....	31

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#### Item 4. Advisory Business

The Adviser, a Delaware limited partnership, is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser on January 1, 2012. Gene Salamon, as a limited partner of the Adviser and the managing member of the general partner of the Adviser, Three Bridges Capital Holdings, LLC (the "Adviser General Partner"), is the principal owner of the Adviser and controls the Adviser. The Adviser General Partner has ultimate responsibility for the management, operations and the investment decisions made by the Adviser. The day-to-day operations of the Adviser's business and investment decisions are made by Gene Salamon.

The Adviser serves as the investment adviser with discretionary trading authority and provides investment supervisory and management services on a discretionary basis to pooled investment vehicles, the securities of which are offered to investors on a private placement basis, (each, a "Fund" and collectively, the "Funds"). The Funds include (1) Three Bridges Europe Fund, L.P., a Delaware limited partnership (the "Domestic Fund") and (2) Three Bridges Europe Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund"). In addition, the Adviser serves as the investment manager with discretionary trading authority and provides discretionary advisory services to certain separately managed accounts (the "Managed Accounts"). The Domestic Fund and the Offshore Fund invest substantially all of their assets through a "master feeder" structure in Three Bridges Europe Master Fund, Ltd., a Cayman Islands exempted limited partnership (the "Master Fund"). The Adviser serves as the investment adviser with discretionary trading authority to the Master Fund. Three Bridges Capital GP, LLC, a Delaware limited liability company affiliated with the Adviser (the "Fund General Partner"), serves as the general partner of the Domestic Fund. As used herein, the term "Client" generally refers to each Fund and the beneficial owner of the Managed Accounts.

*This Brochure generally includes information about the Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.*

Please see Item 8 for a description of the investment strategies employed by the Adviser and certain material risks inherent in such strategies.

The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Adviser's investment decisions and advice with respect to the Managed Accounts are subject to the Client's investment objectives and guidelines, as set forth in the Client's investment management agreement, as well as any written instructions provided by the Client to the Adviser. In very limited circumstances, the Adviser may tailor advisory services to the individual needs of managed account clients and, in such limited circumstances, certain clients may impose restrictions on investing in certain securities, certain types of securities or otherwise place broad limits on various strategies and techniques such as exposure, concentration and leverage.

The Adviser does not participate as either a sponsor or manager of any wrap fee programs.

As of December 31, 2019, the Adviser manages approximately US\$213,013,278 in Client net assets under management and US\$258,875,912 in regulatory assets under management ("RAUM"), on a discretionary basis. As of December 31, 2019, the Adviser does not manage any assets on a non-discretionary basis.

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## Item 5. Fees and Compensation

*The information disclosed below is a summary only, and more detailed descriptions of fees and expenses applicable to each Client are set forth in each Client's offering documents, limited partnership agreement or advisory agreement, as applicable.*

### **A. Advisory Fees and Compensation**

Generally, the Adviser and its affiliates deduct investment management fees with respect to the Funds on a monthly basis and with respect to the Managed Accounts on a quarterly basis and performance compensation on an annual basis, from the assets of Client accounts by instructing such Clients' custodian. The fees and compensation applicable to each Fund are set forth in detail in each Fund's offering documents, and the fees applicable to the Managed Accounts are set forth in detail in each Managed Account's investment management agreement.

As described in each Fund's offering documents, in general, the Funds pay the Adviser a monthly fixed fee for investment management services in an amount not greater than 0.125% (1.5% per annum). As described in the Managed Account's investment management agreement, in general, the Managed Accounts pay the Adviser a quarterly fixed fee for investment management services in an amount not greater than 0.375% (1.5% per annum). In addition, subject to the conditions discussed in each Fund's offering documents (such as "loss carryforward" provisions and benchmarks) and the Managed Account's investment management agreement, if for any fiscal year an investor has a net profit, an amount not greater than 20% of such net profit will be deducted from the investor's capital account as of the end of such fiscal year (the "Incentive Compensation").

### **B. Additional Fees and Expenses**

Client assets are mainly invested in pooled investment vehicles through a master-feeder structure. In these cases, Clients will bear their pro rata share of the applicable master fund's operating and other expenses in addition to those listed below.

In general, Clients bear the cost of their respective organizational and operating expenses. In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, each Client generally bears its own expenses including, without limitation:

- Directors' fees, legal, accounting, consulting, auditing, valuation and other third-party professional expenses, administration expenses (including expenses of the Client's administrator and any shadow administrator), operational expenses, including fees and expenses relating to technology (including, without limitation, costs of software licensing, implementation and custom development) used to research investments, evaluate and manage risk and facilitate accounting functions, a prorated portion of the cost of the Adviser's insurance policies (i.e., directors and officers and errors and omissions insurance) relating to the Client, research expenses and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, registrar and transfer agent fees, bank service fees, regulatory expenses (including Form PF), extraordinary expenses, including, without limitation, the costs of any litigation, investigation or tax audit involving the activities of the Client and other expenses related to the purchase, sale or transmittal of the Client's assets.

Generally, all expenses borne by the Funds, other than the fixed fee described above and any expenses that the Fund General Partner or Board of Directors, as applicable, determines should be allocated to a particular investor (e.g., investor-related taxes), will be charged against the interests/shares of all the

investors on a pro rata basis. To the extent that expenses to be borne by the Funds are paid by the Adviser, the Funds will reimburse such party for such expenses.

In addition, Clients will incur brokerage and other transaction costs. Please refer to Item 12 for a discussion of the Adviser's brokerage practices.

**C. Additional Compensation and Conflicts of Interest**

Neither the Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple Clients. The Adviser is entitled to be paid performance-based compensation by the Clients. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. Although the commingled investment pools managed by the Adviser may have different fee terms and structures, generally all investors within a class of interests in such commingled investment pools pay the same asset-based fees and performance compensation to the Adviser. When the Adviser and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel have a greater incentive to favor Client accounts that pay the Adviser (and indirectly the portfolio manager) higher fees.

The Adviser is committed to allocating investment opportunities on a fair and equitable basis over time and has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Relevant portfolio, trading and compliance personnel of the Adviser review investment positions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated fairly. The portfolios of similarly managed Clients are also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities provide generally that similarly managed Clients will participate in investment opportunities pro rata based on asset size; provided, however, that certain factors such as custodial arrangements, regulatory requirements and the timing of account rebalancing (with respect to similarly managed accounts) may prevent pro rata allocation. The Adviser's procedures also require the fair allocation for limited opportunities (such as initial public offerings and private placements) to ensure appropriate allocation among accounts. These areas are monitored by David Katz, the Adviser's Chief Compliance Officer and other relevant personnel of the Adviser. Please see Item 12 for a more complete description of the Adviser's allocation policy.

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**Item 7. Types of Clients**

The Adviser generally provides investment advice to the Funds and the Managed Accounts, as described above, which are its Clients. The Adviser may in the future provide investment advice to additional Managed Accounts for institutional and other investors. Beneficial owners of Managed Accounts may include institutions, pension plans, high net worth individuals and other sophisticated investors.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.



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

### **A. Methods of Analysis and Investment Strategies**

*The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to Clients, and investment strategies pursued and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved. The information disclosed below is a summary only, and more detailed information applicable to each Client is set forth in each Client's offering documents, limited partnership agreement or advisory agreement, as applicable.*

### **Business**

Generally, the Clients may invest in, hold, sell, trade and otherwise deal in securities, in certain cases, consisting principally, but not solely, of publicly-traded equity and equity-related securities and, to a lesser extent, in debt instruments and convertible securities, and in other cases consisting solely of publicly-traded equity and equity-related securities. The Clients may also seek to profit from the decline in value of securities through other strategies, and in certain cases, by selling securities short. Each Client's portfolio will generally be concentrated on the developed markets of the European region, namely Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The Clients may also invest in the less developed economies of Europe and may also invest in securities traded outside of the European markets, including the United States, if those securities are offshore depository receipts of European listed companies and/or companies whose securities have a significant level of business in Europe or with European companies, or are competitors of European companies, in each case as determined by the Adviser. In addition, certain Clients may invest a small portion of their net assets in securities that are not traded in the public markets or are restricted or otherwise illiquid. Further, certain Clients may invest in warrants, options and/or swaps related to the foregoing. Certain clients may enter into swaps and contracts for differences ("CFDs") to minimize trading-related expenses. The Clients' trading is typically executed on local European exchanges but may be done on other global exchanges. The Clients may also invest in U.S. equities, as determined by the Adviser.

### **Investment Objective and Strategy**

The investment objective of the Clients is to seek high risk-adjusted returns while preserving capital, principally through investment in equities and equity-related securities of companies primarily in the European markets. With respect to certain Clients, the Adviser will employ both long and short strategies, and may also utilize leverage (including, but not limited to, margin borrowing, short sales and the use of options and other derivatives) in an effort to enhance returns where it deems appropriate. With respect to certain Clients, the Adviser will employ long strategies focused on stock picking and may acquire exposure to certain stocks on swap. From time to time, the Adviser may use futures, currency, and fixed income transactions principally, but not exclusively, as a hedge against equity positions in the portfolio. The Adviser will pursue long and short strategies in varying proportions with respect to certain Clients, but will pursue a modified investment strategy in which it seeks to target a market-neutral posture and to generate strong risk-adjusted returns with lower volatility with respect to other Clients and classes of interests or shares.

The Adviser pursues the following strategies on behalf of the Clients' portfolios, which are contingent on the particular class of interests or shares in which an investor subscribes, as detailed in the relevant Fund's offering documents, or in accordance with the relevant Managed Account Client's advisory agreement:

#### Long/Short Portfolio

The investment objective of the Long/Short strategy is to seek to generate competitive returns in good markets and preserve capital in bad markets to realize strong, risk-adjusted returns over a market cycle through investments principally in European equities. It employs a bottom-up fundamental approach to stock picking in European large cap equities to achieve substantial alpha both long and short over time. The Long/Short Portfolio is the flagship portfolio that will source the original investment opportunities.

#### Long Only Interests/Shares – Long Only Portfolios

The Long Only strategy is focused on stock picking and employs the long book of securities held in the Long/Short Portfolio. The Long Only strategy employs a modified investment strategy such that the Long Only Portfolios participate solely in the profits and losses attributable to the long equity (or other security) positions of the Funds and have no exposure to any of the Funds' short positions. The Long Only Interests/Shares have the following characteristics: (a) the Long Only Hedged Interests/Shares engage in hedging activity back to the U.S. Dollar with respect to the foreign currency exposure of the underlying portfolio (with all costs, profits and losses of those hedging activities allocated solely to such shares); (b) the Long Only Unhedged Interests/Shares do not engage in any such hedging activity; and (c) the Long Only SRI Interests/Shares pursue an unhedged investment strategy that incorporates various socially responsible investing principles.

#### Class/Series G – Long/Short Portfolio

The Class/Series G Interests/Shares employ a modified investment strategy which seeks to target a market-neutral posture and to generate strong risk-adjusted returns but with lower volatility. Class/Series G utilizes various hedging techniques in a manner similar to the Long/Short Portfolio. It will seek to trade opportunistically from time to time.

#### Separately Managed Accounts ("SMAs")

The Adviser serves as a sub-adviser to other investment vehicles that may employ a long/short or long only strategy. The trading frequency will vary by SMA.

#### **Investment Process**

The Adviser and its key investment staff are principally equity analysts and equity fund managers. However, the Adviser believes that superior investment performance in Europe is difficult without a careful analysis and understanding of the macro environment. Consequently, the Adviser analyzes underlying regional economies, including collating anecdotal evidence of economic direction from a cross-section of representative visits with economically sensitive companies, as well as frequent meetings with experts on global economies, economic advisors and policy-making entities. The goal of this work is to understand and frame the investment environment that it believes is likely to prevail in the near future, as a backdrop to bottom-up stock-picking.

#### **Investment Flexibility**

The Adviser generally will not be limited with respect to the types of investment strategies it may employ or the markets or instruments in which it may invest on behalf of a Client, subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Companies of all sizes and geographic locations will be considered for investment. Markets change over time and the Adviser will seek to capitalize on attractive opportunities wherever such opportunities might exist. Depending on conditions and trends in securities markets and the economy generally, the Adviser may pursue other objectives or employ other techniques it considers appropriate and in the best interest of a Client. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Adviser is not required to invest any particular percentage of a Client's portfolio in any type of investment, strategy or

country, and the amount of a Client's portfolio which is invested in any type of investment, which is long or short, or which is weighted in different strategies, countries or sectors, can change at any time based on the availability of attractive market opportunities, although certain Funds will be comprised primarily of long holdings, as described in their offering documents.

While it is anticipated that each Client's investments will be primarily in European equities, the Adviser has broad and flexible investment authority, although certain Funds will be comprised primarily of long holdings, as described in their offering documents. Accordingly, certain Client's investments at any time may include long or short positions in publicly-traded or privately negotiated (or restricted) common stocks, preferred stocks, stock warrants and rights, bonds, notes or other debentures or debt participations, fixed-income securities, commodity interests, convertible securities, currencies, partnership interests, swaps, options (including options written by the Client), futures, other derivative instruments and other securities or financial instruments including those of public or private investment companies. Clients may also invest in currency forward contracts to hedge all or a portion of their currency exposure. A Client's investments may include investments in "unseasoned" as well as mature companies. The Adviser, on behalf of certain Clients, may buy securities on margin and may arrange with banks, brokers and other financial institutions to borrow money against a pledge of securities in order to employ leverage when it deems such action appropriate.

Please see Item for 10 for a discussion of investments in private investment funds, separately managed accounts and publicly-traded closed-end vehicles.

There can be no assurance that a Client will achieve its investment objective.

## **B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Adviser. These risk factors include only those risks the Adviser believes to be material, *significant* or unusual and relate to particular significant investment strategies or methods of analysis employed by the Adviser.

Market Risks. The profitability of a significant portion of a Client's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements. Although the Adviser may attempt to mitigate market risk through the use of long and short positions or other methods and techniques, there may be a significant degree of market risk.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations may include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Non-Diversification. While certain Clients' portfolios will generally contain a number of both long and short positions, each Client will be invested primarily in the European markets. Accordingly, the investment portfolios of certain Clients may be subject to more rapid change in value than would be the case if a Client were required to maintain a wide diversification among companies, securities, countries, geographic regions and industry groups. In particular, market changes or other events affecting the European region may have a more significant effect on a Client's portfolio and the European markets may be more volatile than the U.S. equity market.

Currency Risks. A Client's investments that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Adviser may try to hedge currency risks in a Client, but there can be no assurance that such hedges will always be implemented or, if implemented, will be effective. Further, because each Client's portfolio will typically have investments denominated in a variety of currencies and may not always hedge such exposure back to the U.S. dollar, if a Client issues classes of interests with an operational currency other than the U.S. dollar such shares will indirectly be exposed to the currency risk of such currencies to the U.S. dollar.

Short Sales. Short selling, or the sale of securities not owned by a Client, necessarily involves certain additional risks. Such transactions expose a Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein a Client might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. Certain Clients pursue a long-only strategy but may from time to time hedge all or a portion of a long investment if the Adviser determines that doing so is in the best interest of such Client.

Leverage. Clients may utilize leverage in their portfolios when deemed appropriate by the Adviser. Utilizing leverage would result in a Client controlling more assets than it has equity. Leverage increases returns to the investors if a Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or interim margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds.

The concept of leverage involves the use of debt to finance purchases of securities and manifests itself in different ways within the Client. Certain Clients have the ability to borrow funds "on margin" from brokers for the purchase of equity securities. These are transactions that involve an initial cash requirement representing a given percentage of the underlying security's value with respect to transactions in U.S. markets and varying (typically lower) percentages with respect to transactions in non-U.S. markets. A Client's purchases of debt securities may be financed through repurchase agreements with banks, brokers and other financial institutions that involve the transfer by a Client of the underlying debt instrument in return for cash proceeds based upon a percentage (which can be as high as 95-100%) of the value of the debt instrument. Such Client will be subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to such Client. If a Client's securities decline in value, such Client could be subject to a "margin call" or "collateral call," pursuant to which such Client must either deposit additional funds with the lender, or suffer mandatory liquidation of the pledged securities on short notice to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a Client's assets, such Client might not be able to liquidate assets quickly enough to repay its borrowings, or at favorable prices, further magnifying the losses incurred by such Client.

To the extent that options, futures, options on futures, swaps, swaptions and other "synthetic" or derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments. In addition,

many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

In addition, in an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for a Client. In such event, a Client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

Small Cap Stocks. At any given time, a Client may have investments in the stocks of companies with small-sized market capitalizations. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strengths of larger corporations. These factors make smaller companies far more likely than their larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations, and exiting investments in such securities at appropriate prices may be difficult, subject to substantial delay or impossible. When making large sales, a Client may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

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

High Growth Industry Related Risks. Certain of the high growth companies (e.g., technology, communications and healthcare) in which the Client may invest, may allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, companies in which a Client invests could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many high growth companies with proprietary technology rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. There can be no assurance that a particular company will be able to protect these rights or will have the financial

resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which a Client invests. Conversely, other companies may make infringement claims against a company in which a Client invests, which could have a material adverse effect on such company.

The markets in which many high growth companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which a Client invests will successfully penetrate their markets or establish or maintain competitive advantages.

Futures Contracts and Options on Futures Contracts. A Client may invest in futures contracts and options thereon both for hedging purposes and to increase the total return on the Client's portfolio. Trading in futures contracts and options is a highly specialized activity that, while it may increase the total return on a Client's portfolio, may entail greater than ordinary investment risks. Certain Clients do not intend to utilize futures or options in the normal course of business.

Options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

Merger Arbitrage. There are significant business risks associated with merger arbitrage investing. Because of the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of a Client's investment strategy, are not expected to correlate with the direction of the equity markets. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods. There are significant business risks associated with merger arbitrage include, but are not limited to, the items discussed below.

Additionally, changing market and economic conditions, and other factors, such as changes in tax laws, securities laws, bankruptcy laws or accounting standards, may make corporate acquisitions less desirable or may make merger arbitrage, as intended to be practiced by a Client, less profitable or unprofitable. If for any reason the number of mergers, tender offers or exchange offers diminished materially in the future for any reason, a Client's business could be materially adversely affected.

Convertible Arbitrage. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively "market neutral", there are many associated risks that can affect the results of this strategy. Such risks include, but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short; (v) a material change in the dividend policy of the underlying common equity may adversely affect the prices of the securities involved; (vi) changes in the issuer's credit rating may adversely affect the prices of the securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

Special Situations and Distressed Securities. A Client may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is

involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by a Client of its entire investment in such companies.

Counterparty and Custody Risk. To the extent a Client invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions including forward contracts, or in certain circumstances, non-U.S. securities, such Client takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Each Client maintains a custody account with its prime broker and primary custodian (the "Prime Broker"). Although the Adviser monitors the Prime Broker and believes that it is an appropriate custodian, there is no guarantee that the Prime Broker, or any other custodian that the Clients may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Clients would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

Many emerging markets have different clearance and settlement procedures from developed countries. For many emerging markets' instruments, there is no central clearing mechanism of settling rates and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk is more prominent than in more mature markets.

The Clients and/or the Prime Broker, may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Clients. A Client's primary custodian may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. A Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian will not be available to such Client. Under certain circumstances, including certain transactions where a Client's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime broker, or where a Client's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of a Client and hence a Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency or mismanagement in certain non-U.S. jurisdictions, the ability of a Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as a Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing a Client's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Series of Interests/Classes of Shares Not Legally Segregated. Certain Clients offer series of interests or classes of shares that pursue a modified, market-neutral investment strategy (the “Market-Neutral Series/Class”). The series interests or classes of shares are not legally segregated from one another; the debts, obligations and liabilities of each series or class will be enforceable against the assets of each other series of interests or class of shares. As a result, investors in one series of interests or class of shares will be exposed to the risk of losses experienced by other series or classes that exceed the assets attributable to such series of interests. This risk is particularly significant to the extent that a series or class engages in activities with effectively unlimited potential for loss, such as short sales, or utilizes leverage which magnifies the effect of losses incurred by the applicable Clients.

Divergent Performance. Although the Market-Neutral Series/Class generally will invest in the same financial instruments as the other series of interests or classes of shares, they will not do so on a *pari passu* basis because of the market-neutral strategy employed by the Market-Neutral Series/Class. As such, the performance of the Market-Neutral Series/Class can be expected to diverge from that of the other series of interests or classes of shares. An investor in the Market-Neutral Series/Class may suffer losses during times when the other series or classes are profitable or may not achieve the same level of profits as an investor in another series or class.

Cash Balances. The Market-Neutral Series/Class may hold significant positions in cash or cash equivalents, including in short-term debt securities, money market mutual funds or bank accounts, as the Adviser may deem advisable. Pending trading and investment, these cash balances may not significantly appreciate in value.



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**Item 9. Disciplinary Information**

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

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**Item 10. Other Financial Industry Activities and Affiliations**

The Adviser and its personnel serve as investment advisers and investment managers to the Funds and the Managed Accounts.

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

The Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. Each of the Adviser and Fund General Partner is exempt from registration with the CFTC as a commodity pool operator and operate the Funds pursuant to CFTC Rule 4.13(a)(3).

The Adviser is registered with the Central Bank of Ireland – Financial Institutions & Funds Authorisation as an investment manager to Irish authorized collective investment schemes.

Each Client may also invest a small portion of its net assets in private investment funds or separately managed accounts (including, without limitation, funds or accounts managed or advised by the Adviser or its affiliates and funds managed by other investment managers in which the Adviser may have an economic interest) if a strategic reason exists to do so and if the Adviser believes investment in such funds will help to enhance the overall performance of a Client. In such event, the incentive compensation paid to the Adviser would be reduced (but not below zero) by any incentive or similar performance-based compensation paid to the managers of any investment fund or managed account in which a Client invests. Any fixed or management fees or expenses of any investment fund or managed account would be borne by a Client (unless the fund or account is managed or advised by the Adviser or its affiliates). From time to time, the Adviser may also invest a small portion of a Client's net assets in publicly-traded closed-end vehicles where incentive compensation may be paid to the Advisers of such vehicles and/or certain structured transactions where incentive compensation may be paid to the investment banks, brokers or placement agents involved. The Adviser views such investments as being akin to the purchase of any other publicly-traded or direct equity investment, respectively. Such investments may be attractive based upon market discount or premium or the particular underlying investment rather than an underlying manager's expertise in selecting or managing investments. Accordingly, and notwithstanding the above, the incentive compensation paid to the Adviser would not be reduced by any incentive or similar performance-based compensation paid with respect to situations such as these.

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

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

### **A. Code of Ethics**

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. Clients or prospective Clients may obtain a copy of the Code by contacting David Katz, the Adviser's Chief Compliance Officer by email at [dkatz@threebridgescap.com](mailto:dkatz@threebridgescap.com), or by telephone at (212)-523-9760. See below for further description of certain material provisions of the Code.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser's Code of Ethics also provides written policies and procedures with respect to a variety of matters including, without limitation, service on Boards of Directors, outside business activities, affiliations with publicly-traded companies and broker-dealers and gifts and business entertainment.

### **B. Securities that the Adviser or a Related Person Has a Material Financial Interest**

#### **1. Cross Trades**

The Adviser may determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. If the Adviser decides to engage in a Cross Trade, the Adviser will determine that the trade is in the best interests of each Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

The Adviser generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross

Trade between two Clients may occur as an "internal cross", where the Adviser instructs the custodian for the Clients to book the transaction at the price determined in accordance with the Adviser's valuation policy. If the Adviser effects an internal cross, the Adviser will not receive any fee in connection with the completion of the transaction.

## **2. Principal Transactions**

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Client by the Adviser or its personnel, the Adviser will comply with the requirements of Section 206(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), including that any such transactions will be considered on behalf of investors in such a Client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

## **C. Investing in Securities that the Adviser or a Related Person Recommends to Clients**

The Adviser permits employees and those of related persons to engage in personal account trading subject to adherence to written policies and procedures contained in its Code. All employees are required to pre-clear personal securities transactions (unless such transaction(s) is exempt from the pre-clearance and reporting obligations of the Code) prior to effecting them and to report transactions and holdings periodically. Generally, employees of the Adviser are prohibited from buying or selling any security that: (i) a Client account owns or is in the process of buying or selling or (ii) the Adviser is actively and currently researching, analyzing or considering buying or selling for a Client account (as determined in the sole discretion of the Adviser). Additional limitations are placed on initial public offerings, private placements and investment opportunities of limited availability, excessive trading and short-term trading. The Adviser's personal account trading policies and procedures also extend to employees' spouses, domestic partners, minor children or other immediate family members residing in the same household as the employee and persons to whom the employee provides material financial support and either whose financial affairs the employee controls or for whom the employee provides discretionary advisory services and any partnership, corporation, or other entity in which the employee has a 25% or greater beneficial interest or in which the employee exercises effective control. The Adviser's legal and compliance personnel monitor and enforce these policies through receipt of pre-clearance requests; trade confirmations, monthly and quarterly statements received from brokers and internal reporting obligations of all employees.

The Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also may arise due to the fact that the Adviser and its personnel may have investments in some Clients but not in others or may have different levels of investments in the various Clients.

The Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

## **D. Conflicts of Interest Created by Contemporaneous Trading**

The Adviser manages investments on behalf of a number of Clients. Certain Clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the Adviser's general policy that no Client for whom the Adviser has investment decision responsibility

will receive inappropriate preferential treatment over any other Client and that all Client accounts should be treated fairly. Notwithstanding the Adviser's general policy, there are circumstances where: (i) all Client accounts participate in a given investment; (ii) only certain accounts participate; and/or (iii) the participating accounts invest at different times, levels and prices, in each case as determined by the Adviser in the best interests of Client accounts. While the Adviser's investment management team works closely together and benefits from the Adviser's expertise, analysis, research and investment ideas, each Client account of the Adviser is a discreet pool of assets managed on an independent basis primarily by one portfolio manager. Final decisions regarding the purchase and sale of securities by Client accounts are typically made independently by the portfolio manager responsible for each account. In allocating securities among Clients, it is the Adviser's policy that all Clients should be treated fairly in light of the policy considerations described in this allocation policy.

Because of the difference in each Client's investment objectives and strategies, risk tolerances, tax status and other criteria, there are differences among Clients in invested positions and securities held. The following factors may be taken into account by the Adviser in allocating securities among investment advisory Clients: Client's investment objective and strategies, Client's risk profile, Client's tax status, any restrictions placed on a Client's portfolio by the Client or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended), size of Client account, portion of portfolio invested, nature of the investment opportunity or instrument to be allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, and any other information determined to be relevant to the fair allocation of securities. In the event that the Adviser purchases or sells a security on behalf of a Client account at the same time it engages in a different transaction (or no transaction but continues to hold such security) with respect to the same security on behalf of a different Client account, it is the Adviser's policy to review the accounts of all Clients holding or transacting in such security and memorialize the basis for all such transactions in accordance with the Adviser's policies and procedures.

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

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

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include: availability of instruments (i.e., ability to engage in various trading techniques in non-U.S. jurisdictions), commission rates, financial stability of the broker, the actual executed price of the security and the broker's commission rates, research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities, the size and type of the transaction, the difficulty of execution and the ability to handle difficult trades, the operational efficiency and facilities of the brokers and/or dealers involved (including back office efficiency) and the ability to handle a block order for securities and distribution capabilities. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Best Execution Committee and various relevant personnel of the Adviser meet periodically to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits**

The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); and advice from broker-dealers on order execution. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Best Execution Committee and relevant personnel of the Adviser (including the Chief Compliance Officer) meet periodically to review and evaluate its soft dollar practices

and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services other than based on the Client's interest in receiving most favorable execution.

The Adviser may cause Clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for Clients.

Research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (i.e., a "mixed use" item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Funds.

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

## **2. Brokerage for Client Referrals**

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser. The Adviser may place Client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

## **3. Directed Brokerage**

The Adviser does not recommend, request or require that a Client direct the Adviser to execute transactions through a specified broker-dealer.

## **B. Order Aggregation**

From time to time, the Adviser may aggregate Client orders for the purchase or sale of securities. Aggregated trade orders will be made by the Adviser in a manner that it considers to be fair and consistent with its fiduciary duties to Clients. Participating accounts do not always pay (or receive) average share price with respect to securities transactions. The Adviser will generally follow the guidelines set forth below in aggregating Client orders for securities:

- (i) Where purchase or sale orders are placed at the same time with the same order instructions (i.e., position amounts, price limits, etc.), Client accounts will generally participate on an average share price basis.
- (ii) Where trade orders contain different instructions or limitations, or are placed at different times, Client accounts will generally pay (or receive) prices corresponding to the executed transactions based on order instructions and timing of trades.
- (iii) If the aggregated order is partially filled, it will be allocated among Clients in accordance with the Adviser's general allocation of investments and aggregation of orders policies described herein.
- (iv) Personnel of the Adviser responsible for trading securities on behalf of Client accounts will typically monitor the markets in which the Adviser trades in an effort to increase flexibility and efficiency of the Adviser's trading practices in order to maximize benefits for Client accounts.



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**Item 13. Review of Accounts**

Each commingled investment pool and managed account advised by the Adviser, is subject to various daily, weekly, monthly, quarterly and periodic reviews by the relevant portfolio manager and other trading, operational, internal fund administration, and compliance personnel of the Adviser, on a continuing basis to determine whether securities positions should be maintained in view of current market and other relevant conditions (by portfolio managers and investment staff) as well as with respect to various operational, fund administration, and legal and regulatory matters (by trading, operational, fund administration, and compliance staff). A review of a Client account may also be triggered by any unusual activity or special circumstances. Matters reviewed include specific securities held, adherence to investment guidelines (if any) and the performance of each Client account and significant market, economic regulatory and political events.

The Adviser generally provides annual audited financial reports to its Clients within 120 days of the applicable Client's fiscal year. Investors in pooled investment vehicles managed by the Adviser receive written reports pursuant to the terms of such investment vehicle's offering memorandum or governing document, as applicable.

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**Item 14. Client Referrals and Other Compensation****A. Economic Benefits for Providing Services to Clients**

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services. Please see Item 12 for a discussion of the Adviser's policy regarding the use of soft dollars and the related receipt of economic benefits from non-clients for providing services to Clients.

**B. Compensation to Non-Supervised Persons for Client Referrals**

Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

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**Item 15. Custody**

The Adviser is deemed to have custody of certain Clients' funds and securities because it has the authority to obtain such Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account (and based on other variables). Each Client's assets are held in custody by unaffiliated broker-dealers or banks acting in the capacity of "qualified custodians" pursuant to the Advisers Act. Account statements related to the Clients are sent by such qualified custodians to the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Client over which it has custody because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which among other things, requires that each such Client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each such Client distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

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**Item 16. Investment Discretion**

The Adviser serves as the investment manager with discretionary trading authority to each Client. In addition, the Adviser serves as the investment adviser with discretionary trading authority and also provides discretionary advisory services for the Managed Accounts. Prior to assuming generally full discretion in managing a Client's assets, the Adviser enters into an investment management agreement or other similar agreement with each Fund or Managed Account pursuant to which the Adviser is granted discretionary trading authority. The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Adviser's investment decisions and advice with respect to each Managed Account are subject to each Client's investment objectives and guidelines, as set forth in the Client's investment management agreement, as well as any written instructions provided by the Client to the Adviser.

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## Item 17. Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, the Adviser has adopted proxy voting policies and procedures. To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

In limited circumstances, the Adviser may refrain from voting proxies where the Adviser believes that voting would be inappropriate, taking into consideration the cost of voting the proxies and the anticipated benefit to its clients.

The Adviser's clients are generally not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser will also determine if it is appropriate to disclose the conflict to the affected clients, including, without limitation, giving the client the opportunity to vote the proxy themselves.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting David Katz, the Adviser's Chief Compliance Officer by email at [dkatz@threebridgescap.com](mailto:dkatz@threebridgescap.com) or by telephone at (212) 523-9760.

The Adviser uses Institutional Shareholder Services Inc. ("ISS") to assist it with the development of proxy voting policies, procedures and guidelines (the "Procedures & Guidelines") that are designed with the intent of ensuring that the Adviser votes proxies with respect to client securities in the best interests of its clients and in accordance with the Procedures & Guidelines. The Adviser works with and monitors ISS, with the assistance of various personnel of the Adviser (e.g., portfolio managers, analysts, operations and legal and compliance personnel), to assure that, to the extent reasonably practicable, all proxies are being properly voted and appropriate records are being retained. Client accounts hold investments in many non-U.S. issuers that are not necessarily subject to proxy rules that are similar to those applicable to U.S.-based issuers. Consequently, there may be circumstances that prevent the Adviser from effectively voting each proxy relating to securities held in its clients' accounts.

### **General Policy**

The Procedures & Guidelines address a variety of matters including, but not limited to, routine matters, shareholder rights, capital/restructuring, compensation, social/environmental issues, election of the board of directors, corporate governance and shareholder value. In general:

- The Adviser will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification of common stock.
- The Adviser will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights and create supermajority voting.

For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and the Adviser's opinion of management;
- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

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**Item 18. Financial Information**

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

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**Item 19. Requirements for State-Registered Advisers**

Not applicable.