

CALEDONIA

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure (“**Brochure**”) provides information about the qualifications and business practices of Caledonia (Private) Investments Pty Limited (“**Caledonia**”). If you have any questions about the contents of this Brochure, please contact us at +61 2 9255 7640 or at hhilgers@caledoniafund.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

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

This Brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment or investment vehicle.

Item 2. MATERIAL CHANGES

This Brochure dated March 31, 2020 contains the following material changes since the last annual update of this Brochure dated September 28, 2019.

- Item 5 was updated to explain the fees and expenses to be paid by fund investors in greater detail.
- Item 8 was updated to explain risk factors in greater detail.

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Item 4. ADVISORY BUSINESS

Caledonia is an SEC-registered investment adviser with its principal place of business in Sydney, Australia. Caledonia was founded in 1992. Caledonia's principal owners are Caledonia (Private) Holdings Pty Ltd and Caledonia Active Investments Pty Ltd. (For purposes of this Brochure, principal owners include those with at least a 25% interest in Caledonia).

Caledonia provides discretionary investment management services, directly or through its affiliates, to U.S. and to non-U.S. pooled investment vehicles and single investor funds ("**Funds**"), as well as to separately managed account clients ("**SMAs**") (the "**Funds**" and "**SMAs**" collectively together are, the "**Clients**").

The investment objective of Caledonia is to seek high absolute returns over a long-term horizon by investing on a long/short basis primarily in corporate equity securities, predominantly listed securities, and related instruments in global markets. Caledonia manages Client assets generally within a single long-short global equity strategy in accordance with the terms set forth in the applicable governing documents, which may include, but is not limited to, the offering memorandum, organizational documents, private placement memorandum, prospectus, limited partnership agreement, limited liability company agreement, investment management agreement, and/or subscription agreements (each and collectively, the "**Governing Document**"). Caledonia does not tailor advisory services to the individual needs of Clients. Please refer to Item 8 of this Brochure for additional information regarding Caledonia's methods of analysis and investment strategies, and their associated risks. Prospective investors should refer to the appropriate Governing Document for important additional information and considerations. Clients, in limited circumstances per the Governing Document, may impose restrictions on investing in certain securities.

Caledonia US, LP ("**Caledonia US**"), an affiliate of Caledonia and an SEC-registered investment adviser, serves as the investment manager to some of the Funds. Another affiliate of Caledonia, Caledonia GP, LLC ("**Caledonia GP**"), serves as the general partner of certain U.S. based Funds. Caledonia Co-Invest GP, LLC ("**Caledonia Co-Inv GP**"), also an affiliate of Caledonia, serves as the general partner of certain Funds registered in the Cayman Islands.

Caledonia US, Caledonia GP and Caledonia Co-Inv GP and their employees and personnel are subject to the Investment Advisers Act of 1940 (the "**Advisers Act**") and rules thereunder, and to all of Caledonia's compliance policies and procedures. Each of the personnel of Caledonia US, Caledonia GP and Caledonia Co-Inv GP are deemed "persons associated with" Caledonia (as that term is defined in section 202(a)(17) of the Advisers Act) and are subject to SEC examination.

As of June 30, 2019, Caledonia managed Client regulatory assets under management on a discretionary basis in the amount of U.S. \$9.065 billion. Caledonia does not manage any U.S. Client assets on a non-discretionary basis.

Item 5. FEES AND COMPENSATION

For Caledonia's services to Clients, Caledonia or its affiliates will charge a management fee ("**Management Fee**") and performance-based compensation in the form of either an incentive allocation or a performance fee (each, a "**Performance Fee**") as described below. These fees and compensation are negotiable.

Management Fee

In general, Caledonia will receive from each Client an asset-based Management Fee in the range of 0.5% to 1.5% per annum. The Management Fee will generally be calculated and payable monthly, in arrears, as of the first day of each month. Please refer to the applicable Governing Document for additional information.

Performance Fee

In general, subject to certain adjustments and a "high water mark," Caledonia is entitled to a Performance Fee from each Client which generally ranges from 5% to 20% of all net realized and unrealized income and gains derived from portfolio investments. This Performance Fee will generally be calculated and payable annually, in arrears, as of the applicable Client's fiscal year end and as agreed in the Governing Documents. Please refer to the applicable Governing Document for additional information.

General Information

The Management Fee and Performance Fee may be waived, reduced or calculated differently with respect to Caledonia's affiliates, members or employees or any particular affiliated or unaffiliated investor at Caledonia's discretion.

Fees and compensation paid or allocated to Caledonia or its affiliates by Clients are generally directly debited from the assets of such Clients.

Except as set forth in the applicable Governing Document, each Client bears all other expenses incidental to and incurred in relation to its operations and business as well as its pro rata share of such Client's expenses, including, but not limited to, brokerage (see Item 12 of this Brochure), each Client bears its own expenses, which will be paid at the level of the master fund, including, without limitation, the Management Fee; expenses relating to the formation, maintenance and winding up of the Client, special purpose vehicles and/or trading or investing vehicles formed to facilitate the Client's investments and/or co-investment vehicles (including fees, costs and expenses incurred in connection with establishing co-investment vehicles in connection with proposed investments that are not consummated, to the extent not borne by such vehicles); investment expenses (e.g., expenses that, in Caledonia's discretion, are related to the investment of the Client's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expense; expenses of outsourced "treasury" services whereby a third-party service provider manages or advises on matters pertaining to cash reserves and cash management (e.g., cash management, securities finance, collateral management, counterparty management and margin management)); expenses relating to research generated through the use of certain third-party consultants and similar service providers, news and quotation equipment and services, portfolio risk management services and market information systems and computer

software and information expenses; professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; external accounting and valuation expenses, including expenses incurred by certain non-investment personnel in this regard, as determined appropriate by Caledonia; research and market data (including quotation and market data services (e.g., Bloomberg)); administrative expenses, including fees and expenses of the Administrator; legal expenses (which includes, without limitation, responding to formal and informal inquiries, audit, examination, proceeding or claim expenses on behalf of or for the benefit of the Client or in connection with its business); expenses related to the preparation and filing of regulatory filings related to the Client, Caledonia, any sub-advisor and any consultant as well as other blue sky, AIFMD (as defined below) and corporate filing fees and expenses (except for expenses relating to any compliance costs associated with registration as an investment adviser in the U.S., the preparation of Form ADV and Form PF); external accounting and valuation expenses; expenses relating to FATCA, the Organisation for Economic Co-operation and Development (“OECD”) Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the “CRS”), Standard for Automatic Exchange of Tax Information (“AEOI”) regimes and preparation costs of financial statements, tax returns and reports to investors; audit expenses and tax compliance and preparation expenses; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including filing fees and expenses relating to filings made in connection with the Client’s holdings or activities); organizational expenses; expenses incurred in connection with the offering and sale of the Participating Shares, including the negotiation of Side Letters (as defined below); expenses incurred in connection with meetings of the investors; expenses of the UCC (as defined herein); indemnification expenses; and extraordinary expenses and other similar expenses related to the Client.

For the avoidance of doubt, “similar expenses” refers to any expenses that are similar in type and nature to the expenses described in the previous paragraphs, and is intended, given the dynamic ongoing nature of the business of the Client, to cover any expenses determined by Caledonia to be primarily related to the categories listed above but not specifically enumerated. Caledonia considers that such similar expenses include, but are not limited to: (i) broken deal expenses, initial and variation margin, loan fees, private placement fees, appraisal fees, commitment fees and other transactional charges, fees or costs (all of which Caledonia considers investment expenses); (ii) any judgments or settlements paid in connection with any formal and informal inquiries, audit, examination, proceeding or claim expenses on behalf of or for the benefit of the Client or in connection with its business (which Caledonia considers legal expenses); (iii) entity-level taxes and governmental fees or other charges payable by or with respect to or levied against the Client, its investments, or to U.S. federal, state or other governmental agencies, U.S. or non-U.S., including real estate, stamp or other transfer taxes (which Caledonia considers tax expenses); (iv) expenses related to the offering of Participating Shares in compliance with the Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers (“AIFMD”) (which Caledonia considers offering expenses); (v) directors’ and officers’ liability or other similar insurance policies, errors and omissions insurance and other similar policies for the benefit of the Client and all other costs and expenses arising out of the Client’s indemnification obligations (which Caledonia considers indemnification expenses); (vi) any and all fees, costs and expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Client, Caledonia, any special purpose vehicles and/or trading or investing vehicles; and (vii) wind-up and liquidation expenses of the foregoing entities (all which the Investment Manager considers organizational expenses and/or legal expenses).

The above expenses will generally be borne, directly or indirectly, on a pro rata basis by all Participating Shareholders, based on the aggregate NAV of the Participating Shares they hold. Certain expenses incurred on behalf of or for the benefit of one or a few Series of Participating Shares, may be borne only by such Series of Participating Shares, as determined by Caledonia. Consequently, it is anticipated that certain investment and offering and sale expenses that Caledonia determines are related exclusively to a particular Series of Participating Shares will be borne only by such Series of Participating Shares. Conversely, it is anticipated that those expenses that Caledonia determines as being related to the overall operation of the Client will generally continue to be borne by all Participating Shares, irrespective of Series designation.

If any of the above expenses are incurred jointly for the account of the Client and/or other accounts, such expenses will be allocated among the Client and such other accounts in proportion to the size of the investment made by each in the activity or entity to which the expenses relate, or in any other manner deemed fair and equitable as determined by Caledonia, in its sole discretion. To the extent that expenses to be borne by the Client are paid by Caledonia, the Client will reimburse Caledonia for such expenses. Such expenses may be paid, in the first instance, by Caledonia, which shall then be reimbursed on the terms and conditions determined by Caledonia and the Client. Caledonia or the General Partner, as applicable, each reserves the right to bear any expenses incurred for or allocated to the account of Other Accounts or the Client. Caledonia's and the General Partner's decision to bear such expenses from time to time shall not obligate them to bear such expenses in any other instance nor should their decision to bear it for a Client or other account obligate them to do so for any other Client or other account.

Investors or prospective investors should carefully review the applicable Governing Documents for additional information regarding the expenses borne by each respective Client. The information contained in this Item 5 is a summary only and is qualified in its entirety by such Governing Documents.

Caledonia has adopted an expense allocation policy that is designed to ensure that expenses are allocated to Clients in a fair and equitable manner. Caledonia allocates expenses to each Client in accordance with the Client's Governing Documents. Caledonia generally allocates common client expenses among multiple Clients pro rata based on gross assets under management as at the beginning of the month in which the expenses are incurred. Caledonia may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular Client or group of Clients.

Neither Caledonia nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees.

Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As disclosed in Item 5 of this Brochure, Caledonia is generally entitled to receive a Performance Fee from Clients, calculated and payable on an annual basis and as otherwise set out in the Governing Documents.

The fact that Caledonia or its affiliates are entitled to receive Performance Fees creates a potential conflict of interest in that it may create an incentive for Caledonia to effect transactions in investments that are riskier or more speculative than would otherwise be the case. Several of Caledonia's investment personnel are compensated in a manner that includes a performance-based component. The Client's performance-based compensation is generally calculated on a basis that includes unrealized appreciation of the Client's assets; such compensation may be greater than if it were based solely on realized gains.

While Caledonia has the right to waive performance-based compensation as to particular investors in a Fund, Caledonia manages each Fund's portfolio as an undivided pool. Caledonia also generally manages SMAs in parallel with the same investment strategy of the Funds (subject to any investment limitations or other special requirements as set forth in the applicable Governing Document). As a result, Caledonia does not favor any Client over another because of its performance-based fee arrangements.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Advisers Act.

Investors must understand the performance-based method of compensation and its risks prior to subscribing to interests in any Client.

Side-by-side management refers to multiple client relationships where an adviser manages more than one advisory client relationship or portfolio on a simultaneous basis. Potential conflicts of interest may arise under such side-by-side management including incentives to favor certain clients over others or proprietary accounts over client accounts. As Caledonia endeavors to treat all Clients fairly at all times and to put the interest of Clients first as part of its fiduciary duty as an investment adviser, Caledonia takes the following steps to address any potential conflicts of interest:

- Caledonia discloses material conflicts of interest;
- Given Caledonia's single long-short global equity strategy is generally applied uniformly across all Clients, subject to other factors described below. Caledonia generally allocates investment opportunities on a pro-rata basis based on the NAV or the "available capital" (the latter takes into account leverage, and is important if two funds or accounts follow the same strategy but differ in terms of the leverage employed) of such funds or accounts after taking into account the "target allocation" to a particular strategy, geography, sector or other relevant characteristics of the subject opportunity, including, without limitation, (i) the investment objectives, risk profile, guidelines or restrictions of such fund or account; (ii) the current portfolio composition of such fund or account; (iii) the need for cash to satisfy redemption requests or other obligations; (iv) tax considerations; (v) the need to bring such fund or account in compliance with its investment guidelines, restrictions by virtue of federal or state laws and/or internal risk policies; (vi) whether such opportunity will be de minimis for such fund or account; (vii) cash balances, liquidity, leverage and other operational factors, including those inherent at the inception of a fund or account, or at the time of acceptance of a significant inflow of investor capital by a fund or account, in each case, until the applicable subscription proceeds have been invested or substantially invested, and in the case of funds or accounts using leverage, the need to sell positions in order to comply with or avoid margin calls from lenders (or otherwise take steps to improve its standing relative to its lenders); and (viii) on the basis of such other then-current factors that Caledonia deems appropriate under the circumstances;

- Factors that may be considered when allocating trades include, but are not limited to: investment policies, guidelines or restrictions applicable to each Client; tax considerations; actual and targeted cash availability; liquidity requirements for payment of redemptions or other purposes; risk tolerances; restrictions imposed under applicable laws or regulations; counterparty arrangements; account size; industry and security weightings and concentrations; and hedging objectives and activity; and any other factor as set out in the Governing Documents;
- Caledonia compares holdings and performance of all Clients to identify any significant performance disparities and underlying causes;
- Caledonia educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients and equitable treatment of all Clients; and
- Caledonia maintains written policies to address any potential conflicts including the steps taken above.

Caledonia may, in its sole discretion, offer co-investment opportunities in certain investments to certain investors or third parties. Co-investment opportunities may be effected through limited partnerships or other entities formed to effect co-investments. Caledonia will allocate available co-investment opportunities in such a manner as it determines is fair and equitable in its reasonable discretion in accordance with its written policies to address the allocation of investment opportunities. Participation in such opportunities may be limited to a select number of clients or investors based on Caledonia's consideration of factors, including but not limited to: (i) whether the potential co-investor has expressed an interest in participating in co-investment opportunities; (ii) Caledonia's evaluation of the potential co-investor's size and financial resources; (iii) the ability of the potential co-investor to expeditiously participate in the investment opportunity without harming or otherwise prejudicing the other clients participating; (iv) Caledonia's perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory or other burdens that make it less likely that the potential co-investor would accept the investment opportunity; (v) whether Caledonia believes that allocating the investment opportunity to a potential co-investor will help establish, recognize or strengthen relationships that may provide indirectly longer-term benefits to current or future clients or to Caledonia; (vi) any confidentiality concerns Caledonia has that may arise in connection with providing the potential co-investor with specific information regarding an investment opportunity in order to allow it to evaluate the opportunity; and (vii) other factors deemed relevant by Caledonia.

Item 7. TYPES OF CLIENTS

Caledonia's Clients consist of Funds and SMAs, beneficial owners of which are sophisticated and institutional investors which may include, but are not limited to, individuals, high net worth individuals, pension funds, trusts, charitable organizations, endowments, foundations, corporations, family offices and funds of funds. Caledonia, however, is not precluded from advising types of clients that are not previously listed.

With respect to Funds offered in the U.S., the minimum required initial investment is \$25 million.

A minimum initial account size is generally required of SMA clients. As of 1 January 2018, SMAs are no longer offered to new US clients.

Depending on the exemptions relied upon by the Clients, as applicable, investors may be required to meet certain qualification requirements prior to investment. For example, the Clients in the U.S. currently rely on the exclusion from the definition of an investment company provided by Section 3(c)(7) of the Investment Company Act of 1940. Accordingly, investors in such Clients are required to be "accredited investors" as defined for purposes of Regulation D under the Securities Act of 1933 and "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940. Admission to the Clients is not open to the general public.

Prospective investors should refer to the appropriate Governing Documents for important qualifications requirements for investment.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Caledonia generally employs a single long-short global equity investment strategy across all Clients.

Caledonia's investment objective is to seek high absolute returns over a long-term horizon by investing on a long/short basis primarily in corporate equity securities, predominantly listed securities, and related instruments in global markets. Caledonia aims to achieve this investment objective by focusing on stock picking and what Caledonia believes is deep fundamental research with respect to smaller issuers whose equities Caledonia believes the markets are generally less efficient in pricing to drive alpha. The investment strategy and methods of analysis used to achieve this objective are described below, together with the associated risks of loss.

Generally, Caledonia seeks to conduct detailed bottom-up financial modelling is conducted on an individual issuer basis in an attempt to understand the driver and magnitude of such issuer's earnings advantage. Caledonia is agnostic as to the sector or geography in which it invests (within reason), and will attempt to adapt its investment universe to take advantage of the environment and/or compelling opportunities. For example, Caledonia will fully immerse itself in industries of interest which often leads to a thematic line of investing, whereby Caledonia invests across geographies within one distinct vertical or business model. Caledonia typically takes a three- to five-year view when making an investment on the long side, and a one-year to two-year view on the short side.

Caledonia's investment process with respect to investments includes what Caledonia views as rigorous initial due diligence on potential investments, seeking to identify value-based investment opportunities with attractive risk/reward characteristics. Caledonia performs ongoing due diligence with respect to all investments through (i) company management, competitor and industry contact and (ii) quantitative analysis to continually confirm and test an investment thesis.

Risk management is a critical component of the investment approach. Caledonia focuses its investment universe to public issuers listed on stock exchanges in countries where there is a longstanding history of protection of shareholder rights and the rule of law. Also it seeks to own securities which to the greatest extent possible convey true ownership of the profits and cash flows of the underlying company. This means Caledonia tends to concentrate its efforts on the developed markets around the world while eschewing emerging and frontier markets where the rule of law is less well-established.

Typically, Caledonia's investment strategy is best described as high conviction with Client portfolios concentrated in a small number of investments.

In implementing its strategy, Caledonia is typically not limited as to the variety of instruments it may deploy but Client portfolios would generally include: listed equities, unlisted equities, swaps and other derivatives, options, futures, forward foreign-exchange contracts and fixed income securities.

Conflicts Relating to Material Nonpublic Information

From time to time, Caledonia may enter into confidentiality agreements with companies or their representatives in connection with a prospective or current investment. Through these and other relationships, Caledonia may obtain material nonpublic information that might restrict its ability to buy or sell the securities of such company on behalf of its Clients. In order to mitigate and limit the instances in which Caledonia will be subject to these restrictions, Caledonia has adopted a policy that establishes

controls with respect to the acceptance, use and handling of confidential information.

Material Risks (including significant, or unusual risks) relating to investment strategies and method of analysis

Please note that an investment in a Client is highly speculative and not intended as a complete investment program. Investing in the securities markets in general and in one or more Clients advised by Caledonia in particular involves significant risk. Investments in a Client are designed only for experienced and sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment. The method(s) and investment strategies described above involve certain risks. Investors or prospective investors should review the applicable Governing Documents for a complete description of the material risks related to their investment. A summary of some of the principal risks are set out below:

- *Lack of diversification* – Clients’ investment portfolios are concentrated in a small number of investments which is likely to make the portfolio subject to a greater level of volatility and increase the relative impact that each issuer will have on the overall portfolio. As a result, Clients portfolios may not be diversified across a wide range of types of securities, countries or geographic areas. Accordingly, Clients may be subject to more rapid change in value than would be the case if Caledonia were required to maintain a wider diversification among types of securities, industries and geographic areas. To the extent Caledonia concentrates its investments in a particular company, sector, country or region, its investments may become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, sector, country or region.
- *Short selling* - Caledonia engages in short selling strategies as part of its single long/short global equity strategy. Short selling involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is also the risk that securities borrowed need to be returned to the securities lender on short notice. If such request for return of securities occurred at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, where Caledonia might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. Furthermore, since 2008, there have been multiple examples of regulatory action taken by U.S. and non-U.S. regulators that restricted the ability to engage in short selling. To the extent that similar restrictions are imposed in the future, it could impact Caledonia’s ability to carry out its investment program.
- *Issuer-specific changes* - Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets or financial resources.
- *Counterparty and custodial risk* - To the extent that Caledonia invests in swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of option or other customized financial instruments or non U.S. securities, Clients take 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. In addition, there are risks involved in dealing with the custodians or brokers

which settle trades, particularly with respect to non-U.S. Investments. Clients maintain custody accounts with their prime brokers and primary custodians (“**Prime Brokers**”). Although Caledonia monitors the Prime Brokers and believes that each Prime Broker is an appropriate custodian, there is no guarantee that the Prime Brokers, or any other custodian that the Clients may use from time to time, will not become bankrupt or insolvent. In the event of a failure of a Prime Broker that has custody of a Client’s assets, the Client would 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. Further, it is possible that in the event of a bankruptcy, insolvency, failure or liquidation of a Prime Broker, the Client may not receive the same securities that were held in its account which would lead to losses.

- *Lack of liquidity* - Client assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. Dispositions of investments may be subject to contractual or other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. The sale of any such investments may be possible only at substantial discounts and it may be difficult to accurately value any such investments.
- *Foreign currency and exchange rate risks* - Client performance may be adversely affected by fluctuations in currency exchange rates, any future imposed deviations of exchange rates, inflationary pressures and the success of the underlying investments. In addition, Clients may incur costs in connection with conversions between various currencies.
- *Derivatives* - Derivatives, such as options, futures and swaps are utilized, for example, to manage risk (such as hedging currency exposure) or to gain exposure to investments. Derivative risks may include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative and counterparty risk where the counterparty to the derivative contract fails to meet its obligations under the contract. In addition, should a counterparty default on its obligations, Clients could be subjected to substantial losses because they would still be required to fulfill their obligations on any transactions which were to have substantially offset other contracts. A Client may be exposed to investments through derivatives to a greater extent than certain other Clients due to circumstances such as tax efficiencies (including in relation to the Client and other non-US accounts), timing of purchase and availability of securities. Exposure to an investment through derivatives carries additional costs which will be borne by the Client and which may decrease returns thereon.
- *Leverage* - Subject to applicable regulations and the relevant Governing Documents, certain Clients may leverage their capital because it is believed that the use of leverage may enable the achievement of a higher rate of return. Accordingly, Clients who utilize leverage pledge their securities to borrow additional funds for investment purposes. The amount of borrowings which Clients may have outstanding at any time may be substantial in relation to their capital. Performance will likely be more volatile with the use of leverage. The use of leverage also exposes the Client to increased exposure to losses and operational and market risks. Among other risks, the use of leverage tends to exacerbate and/or accentuate negative market movements and small hedging errors may be amplified by leverage. Price and valuation disputes with counterparties must be resolved to assure collateral maintenance. Hedges may at times fail to track investments due to uncorrelated changes in spreads among various securities.

- Margin risk* – When financial instruments are traded on a leveraged basis, the financial instrument can be purchased by depositing only a percentage of the instrument’s face value and borrowing the remainder (margin). As a result, a relatively small adverse price movement in a financial instrument’s value may result in immediate and substantial losses to the Client. Like other leveraged investments, any purchase or sale of a financial instrument on margin may result in losses in excess of the amount invested. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased. In addition, Client(s) may be subject to additional risks, including the possibility of a “margin call,” pursuant to which Client(s) must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Client. This could increase exposure to the risk of a counterparty default since, under such circumstances, Client(s) may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Client’s agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Client. In the event of a sudden, precipitous drop in the value of the Client’s assets, the Client might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the Client’s investment. Any event that adversely affects the value of an investment would be magnified to the extent that asset or the Client is leveraged. The cumulative effect of the use of leverage by the Client in a market that moves adversely to the Client’s investments could result in a substantial or total loss to the Client, which would be greater than if the Client was not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps.
- Relative value risk* - In the event that the perceived mispricings underlying Caledonia’s relative value trading positions were to fail to converge toward, or were to diverge further from, parameters expected by Caledonia, Client accounts may incur a loss.
- Market and economic conditions* - Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends and tax laws can affect substantially and adversely the business and prospects of Clients. None of these conditions is within the control of Caledonia and no assurances can be given that Caledonia will anticipate these developments.
- Long term holding of securities* - Where Caledonia purchases securities for the long term, by holding the security for this length of time, it may not take advantage of short-term gains that could be profitable to a Client. Moreover, if Caledonia’s predictions are incorrect, a security may decline in value before it is sold.
- Short term holding of securities* - Caledonia may purchase securities with the idea of selling them within a relatively short time (typically a year or less). A risk in a short-term purchase is that, should the anticipated price swing not materialize, Caledonia may be left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or

potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

- *Regulatory risk* - The legal, tax and regulatory environment for investments continues to evolve, and changes in such regulation may adversely affect the value of such investments. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and retain the right to suspend or limit trading in securities, which could expose Client accounts to losses. The effect of any future regulatory change on Clients could be substantial and adverse including, for example, increased compliance costs, or the prohibition of certain types of trading.
- *Importance of key personnel of Caledonia* - The authority to make decisions and to exercise business discretion on behalf of Clients is delegated to Caledonia and its affiliates. The success of Clients is expected to depend on the expertise of certain of Caledonia's key personnel. Therefore, the death, incapacity or withdrawal of such personnel could materially affect Clients.
- *Accuracy of public information* - Caledonia selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Caledonia by the issuers or through sources other than the issuers. Caledonia evaluates all such information and data and ordinarily seeks independent corroboration when Caledonia considers it appropriate and when it is reasonably available. Caledonia is not in a position to confirm the completeness, genuineness or accuracy of all such information and data, and in some cases, complete and accurate information is not available.
- *Risk management failures* - Although Caledonia attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Caledonia, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of Clients may be incomplete or altogether ineffective. Similarly, Caledonia may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to Clients.
- *Systems and operational risk* - Caledonia relies on certain financial, accounting, data processing and other operational systems and services that are employed by Caledonia and/or by third party service providers, including Prime Brokers, a third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Caledonia and its Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the Clients' operations.
- *Cybersecurity risk* - As part of its business, Caledonia processes, stores and transmits large amounts of electronic information, including information relating to Client transactions and personally identifiable information of underlying investors. Similarly, service providers of Caledonia and its Clients, including a Client's administrator, may process, store and transmit such information. Caledonia has procedures and systems in place to seek to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or

degrade service or sabotage systems change frequently and may be difficult to detect. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Caledonia may be susceptible to compromise, leading to a breach of Caledonia's network. Caledonia's systems or facilities may be susceptible to employee error or malfeasance, government surveillance or other security threats. Breach of Caledonia's information systems may cause information relating to Client transactions and personally identifiable information of the underlying investors to be lost or improperly accessed, used or disclosed. Although Caledonia has a business continuity plan, in the event of an emergency or significant business disruption, there can be no assurance that such plan will operate as intended nor can there be any assurance that the business continuity plans of a Client's administrator, counterparties, clearing brokers and other parties will operate as planned in the event of an actual disruption. The loss or improper access, use or disclosure of Caledonia or its Clients' proprietary information may cause Caledonia or its Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and any underlying investors.

- *Force Majeure* - Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Risks associated with types of securities that are primarily invested in (including significant, or unusual risks).

- *Equity securities* - The value of equity securities fluctuates in response to issuer, political, market and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- *Emerging markets* - There are greater risks associated with investments in securities of issuers located in less developed countries than investments in securities of issuers located in the U.S. and other developed markets. Political risk for many developing countries is a significant factor. During certain social and political circumstances, governments may be involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement and imposition of foreign investment restrictions and exchange controls. In

comparison to more developed markets, trading volumes in emerging markets may be lower, which can result in a lack of liquidity and greater price volatility.

- *Non-U.S. securities* - Investing in securities of non-U.S. companies increases or introduces certain risks such as those with respect to price volatility, exchange rates and exchange control regulations, political and social instability, expropriation and imposition of foreign taxes. In addition, non-U.S. markets tend to be less liquid and issuers in those markets may be subject to less stringent disclosure, accounting and auditing requirements.
- *Internet companies* - Clients invest in Internet and Internet-related companies including companies focused on e-commerce and online advertising. The securities of such companies can be volatile, and the marketplaces in which these companies operate are extremely competitive, particularly as this sector may not present the capital intensive barriers to entry that may exist in a more traditional retail commerce company. Because the markets in which these companies operate are so competitive, there can be no assurance that a company which has significant market share will be able to protect that market share as competitors develop technologies or interfaces that are substantially equivalent or superior to the technology of a company in which the Clients invest.
- *High growth industry related risks* - Clients invest in the securities of high growth companies. These securities may be very volatile. In addition, 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, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- *Non-controlling investments* - Clients will hold non-controlling interests in portfolio companies and, therefore, may have a limited ability to protect their position in such portfolio companies in part due to a lack of operational involvement.
- *Reliance on portfolio company management* - The day-to-day operations of a portfolio company are the responsibility of such company's management team. Although Caledonia will monitor the performance of portfolio companies and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team, will be able to successfully operate such portfolio company.
- *Foreign currency and exchange rate risks* - Client assets and income may be denominated in various currencies. As a result, investment returns may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures and the success of the investment itself. Clients may or may not engage in hedging against currency risk. In addition, a Client may incur costs in connection with conversions between various currencies.
- *Foreign tax risk* - While Clients may attempt to structure their investments to minimize taxes in non U.S. jurisdictions, there is no guarantee that such efforts will be successful and, as such, Clients may be subject to non U.S. withholding or other taxes, duties or levies. In addition, there may be changes in tax laws in the United States or in non-U.S. jurisdictions or interpretations of such tax laws adverse to Clients. There may be no assurance that the structure of the Clients

will be tax efficient.

- *Special purpose vehicles and nominees* - To facilitate certain investments, Clients may make investments through special purpose vehicles (“**SPVs**”) and/or nominee structures. SPVs and nominees may be controlled by Caledonia, its affiliates or unaffiliated third parties. Holding investments through SPVs and/or nominees may create additional expenses, reduce liquidity and/or expose the Clients to additional liabilities, risks and regulations.

Investors or prospective investors should carefully review the applicable Governing Documents for any Clients under consideration for investment for a detailed explanation of many of the risks associated with investment. The information contained in this Item 8 is a summary only and is qualified in its entirety by such Governing Documents.

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 a client’s or investor’s evaluation of the adviser or the integrity of the adviser’s management. Neither Caledonia nor any of its officers, directors, employees or other management persons have been involved in any legal or disciplinary events in the past ten (10) years that would require disclosure in response to this Item.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Caledonia nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Caledonia nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

Caledonia US, an affiliate of Caledonia and an SEC-registered investment adviser, serves as the investment manager to certain Clients. Another affiliate of Caledonia, Caledonia GP serves as the general partner of a U.S. based feeder fund to one of the Funds. Caledonia Co-Invest GP, also an affiliate of Caledonia, serves as the general partner of a Fund and its feeder funds registered in the Cayman Islands.

Caledonia US, Caledonia GP and Caledonia Co-Invest GP are related persons of Caledonia.

Item 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

In this Item 11, “Caledonia” refers to Caledonia and its affiliates.

Caledonia has adopted a Code of Ethics (the “**Code**”), designed to comply with Rule 204A-1 of the Advisers Act. The Code applies to Caledonia’s “**Access Persons**.” Access Persons include, generally, partners, officers, directors (or other person occupying a similar status or performing similar functions), employees and any other person who provides advice on behalf of Caledonia and is subject to Caledonia’s supervision and control. All of Caledonia’s employees are deemed to be Access Persons.

Caledonia and its Access Persons owe a duty of loyalty, fairness and good faith towards Caledonia’s Clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code sets forth a standard of business conduct that takes into account Caledonia’s status as a fiduciary and requires Access Persons to place the interests of Clients and investors above their own interests. The Code is designed to: (i) establish guidelines for professional conduct and personal trading procedures; (ii) prevent improper personal trading by Access Persons; (iii) prevent improper use of material, non-public information about securities recommendations made by Caledonia or securities holdings of the Clients; (iv) identify conflicts of interest; and (v) provide a means to resolve any actual or potential conflict in favor of the Clients and their investors.

The Code requires Access Persons to comply with applicable securities laws and regulations. Further, Access Persons are required to promptly bring violations of the Code to the attention of Caledonia’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code annually and upon amendment. Access Persons are required to acknowledge receipt of the Code upon distribution and annually are required to certify that they have read the Manual and agree to abide by its policies and procedures.

The Code also sets forth certain requirements with respect to personal trading by Access Persons. Caledonia adopted a prohibition on certain personal securities transactions on 30 June 2018. After this date, within a Discretionary Personal Trading Account, Supervised Persons are generally limited to holding or selling (subject to Legal and Compliance’s approval) securities or cryptocurrencies held prior to the later of June 30, 2018 or the beginning of the Supervised Person’s affiliation with Caledonia. Legal and Compliance have discretion to overrule this prohibition if necessary and their approval will remain in effect only for the duration as prescribed in the approval email. Participation in placements of securities will also be permissible where (1) the Supervised Person has a legacy position, (2) Caledonia is not actively trading the relevant security, (3) the placement is offered pro rata to existing shareholders, and (4) Legal and Compliance approved the participation.

Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition to the Confidentiality Policy discussed in Item 8 of this Brochure, the Code includes further restrictions on and procedures to prevent the misuse of material non-public information. All Access Persons are reminded that any use of such information is strictly limited by the Confidentiality Policy and the Code.

Caledonia maintains a “**Restricted List**” of companies about which a determination has been made that it is prudent to restrict trading activity. Securities included on the Restricted List may include securities held by or being considered for purchase or sale on behalf of a Client or securities of a company about which investment personnel may have acquired material nonpublic information or a position where Caledonia may have a securities filing obligation. In general, transactions in the securities of a company

appearing on the Restricted List (whether on behalf of Advisory Clients or in personal accounts of Access Persons) will not be allowed.

Investors or prospective investors may obtain a copy of Caledonia's Code of Ethics by contacting Caledonia at hhilgers@caledoniafund.com or by calling +612 9255 7640.

The Code is designed to assure that the personal securities transactions, activities and interests of Access Persons will not interfere with making decisions in the best interest of Clients.

Caledonia, its Access Persons or their related persons may also invest directly in some or all of the Clients. Caledonia and/or its Access Persons may buy or sell legacy positions for their personal accounts securities identical to or different from those recommended to Clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a Client. Each such related person transaction is separately identified and made strictly in accordance with the Code and the terms of the applicable Governing Documents. Caledonia's procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts. In addition, Caledonia has adopted the aggregation policies and procedures discussed in Item 12 of this Brochure.

No Access Person may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such Access Person from benefiting from, or appearing to benefit from, any transactions placed on behalf of advisory accounts.

Caledonia and its Access Persons are prohibited from engaging in principal transactions except as permitted by the Advisers Act. A principal transaction occurs when Caledonia or its Access Persons buy securities for Caledonia or for themselves from a Client; or sell securities owned by Caledonia or the individual(s) to a Client. The Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a Client without disclosing to the Client in writing the capacity in which the adviser is acting and obtaining the Client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by Caledonia's owners or Access Persons. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund.

Caledonia has adopted specific policies and procedures for monitoring the level of proprietary ownership in each Client and for obtaining the requisite consent (including through consent granted in the Governing Documents to appoint an "Unaffiliated Consultation Committee") before engaging in a transaction that would be considered a principal transaction under applicable SEC interpretations.

Caledonia and its Access Persons are also prohibited from engaging in agency cross transactions. An agency cross transaction occurs where Caledonia acts as an investment adviser in relation to a transaction in which any person controlled by or under common control with Caledonia, acts as broker for both the advisory client and for another person on the other side of the transaction.

The fact that Caledonia, its Access Persons or their related persons have a financial ownership interest in the Funds creates a potential conflict in that it could cause Caledonia to make different investment decisions than if they did not have such a financial ownership interest. Further, Caledonia charges management fees based on a percentage of assets under management. Such an asset-based fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Caledonia to raise or otherwise increase assets under management to a higher level than would be the case if Caledonia were receiving a lower or no management fee. The receipt of performance-based compensation by Caledonia or its affiliates may create an incentive for Caledonia to make investments that are riskier or more speculative than would be case in the absence of a performance-based fee structure. Caledonia has adopted the Code which requires Access Persons to act

with integrity and place the interests of Clients above their own, avoid actual and potential conflicts of interest and comply with relevant securities laws.

Item 12. BROKERAGE PRACTICES

As investment manager to its Clients, Caledonia has discretionary authority to determine which securities and the amounts of securities that are bought or sold. When performing investment management services, Caledonia generally has complete discretion in deciding which brokers and dealers to use for Client transactions and in negotiating the commissions or other compensation payable to such brokers and dealers. In addition to using brokers as “agents” and paying commissions, Caledonia may buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to underwriters and dealers.

Selection Criteria

It is the policy and practice of Caledonia to strive for the best value that is competitive in relation to the value of the transaction (“**best execution**”). In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services.

In selecting a broker, dealer or other intermediary, Caledonia will consider such factors that in good faith and judgment it deems reasonable under the circumstances. Some of the factors Caledonia considers in selecting a broker or dealer include without limitation: (i) price, (ii) the broker-dealer’s facilities, reliability and financial responsibility, (iii) the ability of the broker-dealer to effect securities transactions, particularly with regard to such aspects as timing, order size and execution of orders and (iv) the research, brokerage and other services provided by such broker-dealer.

Caledonia has established prime brokerage arrangements on behalf of Clients with one or more Prime Brokers. Under these arrangements, the Prime Broker, among other things, settles and clears trades, extends margin and securities loans, maintains custody of cash and securities held by Clients and provides detailed portfolio and related reports. Caledonia and its affiliates may, in their sole discretion, change the Prime Brokers, alter the terms of the arrangements with the Prime Brokers or make alternative arrangements to receive the services provided by the Prime Brokers. Caledonia uses additional brokers (in addition to the Prime Brokers) to execute transactions.

Caledonia periodically evaluates the execution performance of broker-dealers to ensure that the services provided are consistent with best execution.

Dark Pools and Other Private Trading Venues

Caledonia, on behalf of its Clients, utilizes so-called “dark pools” and other private trading venues to execute trades of securities. In a dark pool, buyers and sellers do not reveal their identities and often reveal very little, if anything, about their order sizes, as opposed to a traditional exchange, like the NYSE Euronext, where orders are transparent. There are a number of different types of non-displayed liquidity providers, including electronic communications networks (“ECNs”), broker-sponsored dark pools, crossing networks and broker-led consortium dark pools. Dark pools and other anonymous venues may provide price improvement and the ability to protect trade orders from others in the market that would take advantage of information revealed during a trade. Dark pools and other private trading venues generally look to traditional exchanges to get their pricing information. However, if more and more trades are conducted through dark pools and other private trading venues, the prices used in dark pool trades might not be as reliable and up-to-date as they should be. Moreover, the use of dark pools means that firms cannot take advantage of changes in prices because the market cannot react immediately to transactions occurring in dark pools. Furthermore, different entities in a dark pool cannot see each other

and therefore do not have a sense of what each other's strategies and motives are. In addition, the prices charged by dark pools and crossing networks can be complex and may be higher than those charged by traditional exchanges. The prices charged by dark pools and independently operated crossing networks also may cover execution only and not investment research and other services and may also be used to fund contributions to commission-sharing arrangements.

Research and Other Soft Dollar Benefits

Caledonia may select a broker-dealer in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "**soft dollars**."

Accordingly, the commission rates charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. Caledonia may therefore use a broker who provides soft dollar services and products even though a higher or lower commission may be charged by a broker who does not offer the same level of products and services. Caledonia aggregates all soft dollars received into a pooled account. Research services and other soft dollar benefits may be used in servicing all of Caledonia's Clients and not all of such research will necessarily be used for the Client for which the particular transaction was effected.

Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select a broker-dealer based on Caledonia's interest in receiving research or other products or services, rather than on the Clients' interest in receiving the most favorable execution.

Caledonia's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934 (the "**Exchange Act**"), to the fullest extent possible under current law and SEC interpretive guidance. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts, with respect to transactions in securities effected on an agency basis and certain types of riskless principal transactions, to obtain investment research services or other products and services within the meaning of Section 28(e). Section 28(e) does not cover securities transactions effected on a principal basis or transactions in futures or other assets that are not considered to be securities under the Exchange Act. Transactions effected outside the United States (e.g., in the Australian or European markets) are often conducted on a principal basis and, therefore, would not be covered by the Section 28(e) safe harbor. Caledonia will use Client commissions with respect to transactions that would not be covered by Section 28(e) to obtain brokerage and research services provided that the brokerage and research services obtained are of a type that would qualify under Section 28(e).

"Research" products and services Caledonia may receive may include economic surveys, data and analysis; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services, software and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), "brokerage" products and services (beyond traditional execution services) consist primarily of computer services and software that permit Caledonia to effect securities transactions and perform functions incidental to transaction execution. Research and other soft dollar benefits may be used in servicing all

of Caledonia's Clients and may be used in connection with Clients other than those which generated the brokerage, as permitted by Section 28(e).

During Caledonia's last fiscal year, as a result of *client* brokerage commissions (or markups or markdowns), Caledonia and/or its related persons acquired data services (including services providing real time exchange data, market data, company financial data and economic data), software used to transmit orders, proprietary and third party research reports (including market research), certain financial newsletters and trade journals, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, and services related to execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between Caledonia and a broker-dealer and other relevant parties such as custodians).

Section 28(e) does not cover securities transactions effected on a principal basis or transactions in futures or other assets that are not considered to be securities under the Exchange Act. Transactions effected outside the United States (e.g., in the Australian or European markets) are often conducted on a principal basis and, therefore, would not be covered by the Section 28(e) safe harbor. Caledonia will use Client commissions with respect to transactions that would not be covered by Section 28(e) to obtain brokerage and research services provided that the brokerage and research services obtained are of a type that would qualify under Section 28(e).

In the event any products or services obtained by Caledonia with Client commissions have "mixed uses," (i.e., for research and non-research purposes), Caledonia will make a good faith effort to determine the relative proportion of the product or service it used to assist it in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made in accordance with the SEC's interpretive guidance. The proportion of the product or service attributable to assisting Caledonia in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions ("soft dollars") and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Caledonia from its own resources ("hard dollars"). Although Caledonia will make a good faith and reasonable allocation of the eligible costs of the product or service for brokerage or research, the allocation determination itself poses a potential conflict of interest as Caledonia may have an incentive to overestimate the soft dollar portion allocated to the "mixed use" product or service in order to avoid paying for such brokerage or research with hard dollars.

Brokerage for Client Referrals

Representatives of Caledonia, from time to time, may speak at conferences and programs for investors interested in investing in hedge funds which are sponsored by prime brokers or other broker-dealers. These conferences and programs may be a means by which Caledonia can be introduced to prospective investors in the Funds. Generally, the sponsoring brokers are not compensated by Caledonia, the Client(s) or prospective investors for providing such "capital introduction" opportunities. However, the provision of these opportunities, as well as other introductions to prospective investors, by a broker may influence Caledonia in deciding whether to use the services of such broker in connection with the activities of the Client(s). Accordingly, Caledonia will have a conflict of interest when allocating brokerage business to a broker who has referred investors to the Funds or who has provided Caledonia with the opportunity to participate in capital introduction events. To prevent brokerage commissions from being used to compensate brokers for investor referrals, Caledonia will not allocate Client brokerage business to a referring broker unless Caledonia determines in good faith that the commissions payable to such broker is consistent with seeking best execution.

Caledonia does not apportion soft dollars to the fund or account that generated such soft dollars and uses soft dollars without regard as to whether or not the fund or account that generated the soft dollars benefits from their usage.

Directed Brokerage

As noted above, Caledonia has complete discretion in deciding which brokers and dealers the Clients will use and in negotiating the rates of compensation the Clients will pay. Accordingly, Caledonia generally does not permit Clients to direct brokerage. As noted above, prime brokerage relationships have been established on behalf of the Clients, pursuant to which such Prime Brokers will, among other things, clear and settle trades on behalf of the Clients, maintain custody of cash and securities held by the Clients and provide securities lending and portfolio reporting services.

Caledonia is not required to allocate either a stated dollar or stated percentage of transactions to any broker-dealer for any minimum time period, and reviews such relationships periodically.

Trade Aggregation

When appropriate, Caledonia may, but is not required to, aggregate purchase and sale orders of securities held by the Clients with similar orders being made simultaneously for other accounts to achieve more efficient execution or to provide for equitable treatment among accounts. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts and may enable Caledonia to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. Block trading also allows Caledonia to obtain an average share price for Clients participating in the block. Accounts participating in aggregated trades will generally be allocated securities based on the average price achieved for such trades, although Caledonia may make investment allocations among the accounts in any manner which it considers to be fair under the circumstances.

Trade Error Policy

While Caledonia endeavors at all times to enter trades correctly, errors may sometimes occur. It is Caledonia's policy and practice to seek to identify and correct trade errors promptly without disadvantaging the Client in any way. Should Caledonia discover a trade error attributable to the gross negligence or willful misconduct of Caledonia or its staff, it is Caledonia's policy to correct the error so as to place the Client in as good a position as it would have been in had the error not occurred. Trade errors that are determined by Caledonia to not be attributable to the gross negligence or willful misconduct of Caledonia or its staff shall be borne by the Client(s). Should correction of a trade error result in any profit, all such profits are retained by the applicable Client(s). Caledonia is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed.

Cross Trade Policy

Caledonia may determine that it would be in the best interests of one client and one or more other clients to transfer a security from one account 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 accounts or to reduce transaction costs that may arise in an open market transaction. If Caledonia decides to engage in a Cross Trade, Caledonia will determine that the trade is in the best interests of both of the clients involved in the Cross Trade and take steps to ensure that the transaction is consistent with

Caledonia's duty to obtain best execution for each of those clients.

Caledonia will generally execute Cross Trades with the assistance of a broker-dealer who generally executes and books the transaction at the price of the close of the market on the day of the transaction. A Cross Trade between two fund clients may also occur as an "internal cross", where Caledonia instructs the custodian for the funds to book the transaction at the price determined in accordance with Caledonia's valuation policy. If a Cross Trade is effected as an internal cross, Caledonia will not receive any fee or commission in connection with the completion of the transaction.

Item 13. REVIEW OF ACCOUNTS

Caledonia monitors the underlying investments of Clients on a regular basis. Client positions will be reviewed in the overall context of the Client's investment objectives and guidelines as well as geopolitical and macroeconomic events. All reviews are conducted by the Co-Chief Investment Officers, General Counsel, Chief Compliance Officer or Chief Financial Officer.

Client investors receive unaudited monthly performance reports in accordance with applicable Governing Documents. Each Fund's investors will also receive, as soon as practicable after the end of each taxable year (or as otherwise required by law), annual reports containing financial statements audited by the Fund's independent auditors as well as such tax information as is necessary for each investor to complete federal and state income tax or information returns, along with any other tax information required by law.

Each SMA client will generally receive unaudited monthly performance reports and annual reports from Caledonia detailing the SMA account's exposures and positions as well as other reasonable information on an as requested basis in accordance with the Governing Document or as otherwise separately agreed.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

Other than as already disclosed at Item 5 of this Brochure, neither Caledonia or its Access Persons receive compensation from third parties in connection with providing investment advice to its Clients.

Caledonia has not entered into arrangements to compensate any third-party solicitor, placement agents and/or others, for referring prospective clients or investors to Caledonia. Caledonia reserves the right to enter into arrangements in the future to compensate certain third-party placement agents and/or others for referring prospective clients to Caledonia. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Clients are the most suitable to the needs of the prospective investor. To address this potential conflict of interest, all referred investors and SMA clients will be carefully screened to ensure that the particular Client is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted. In the event Caledonia enters into such arrangements in the future, all such arrangements will be conducted in a manner that is consistent with relevant SEC guidance and all fees paid to solicitors, if any, will be fully disclosed to investors consistent with applicable law.

Item 15. CUSTODY

As previously disclosed at Item 5 of this Brochure, Caledonia directly debits advisory fees from Client accounts. As part of this billing process, the Client's administrator is advised of the amount of the fee to be deducted from that Client's account. Any U.S.-based Client to engage Caledonia will receive a statement at least quarterly (typically monthly) from their account administrator. This statement should reflect all withdrawals and other transactions that have taken place in the account, including fee deductions. It is important for Clients to carefully review their statements to verify the accuracy of the calculation, among other things. Clients should contact Caledonia directly if they believe that there may be an error in the calculation of their fees as reflected on their statement.

In addition to account statements received directly from the account administrator, as agreed, certain SMA clients will also receive unaudited monthly performance reports from Caledonia. Caledonia urges its Clients to carefully compare the information provided on these performance reports with the statements received from the account administrator to ensure that all account transactions, holdings and values are correct.

Finally, because of Caledonia's authority with respect to the assets of the Clients, Caledonia is deemed to have custody of client assets under the provisions of SEC Rule 206(4)-2 (the "**Custody Rule**"). With respect to Clients that are domiciled in the United States and/or are offered to U.S. investors, Caledonia's related persons are deemed to have custody of the Clients' assets because these related persons serve as general partner (or in similar capacity) to the Clients.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Caledonia will ensure that the Clients are subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules. In addition, such Clients' audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and will be distributed to all investors within 120 days of the end of each Client's fiscal year. The Clients are also subject to audit upon liquidation and the audited financial statements will be distributed to all investors promptly after the completion of such audit.

Pursuant to SEC interpretations, as set forth in the "*SEC Staff Response to Questions About the Custody Rule*," Question VI.5 and *SEC Staff Letter to the ABA, Subcommittee on Private Investment Entities*, issued August 10, 2006, offshore advisers registered with the SEC are not subject to the Custody Rule with respect to offshore funds. Certain of the Clients that are domiciled outside of the United States and are not offered to U.S. investors may be able to rely on such exemptions. Nevertheless, as would be required under the Custody Rule, each of the relevant Clients is subject to an annual audit by an independent public accountant and Caledonia seeks to send the audited financials in accordance with the Governing Documents to each Client investor within 120 days of each Client's fiscal year end, in accordance with the provisions of the Custody Rule, as described above.

Clients organized outside of the United States, or having a general partner or other manager with a principal place of business outside the United States, may have their financial statements prepared in accordance with accounting standards other than U.S. GAAP so long as they contain information substantially similar to statements prepared in accordance with U.S. GAAP. Any material differences with U.S. GAAP must be reconciled in the financial statements delivered to U.S. persons.

Item 16. INVESTMENT DISCRETION

As investment adviser to the Clients, Caledonia is granted the discretionary authority in the relevant Governing Documents to determine which securities and the amounts of securities that are bought or sold for the Clients.

SMA clients may limit this authority by giving Caledonia written instructions in accordance with the Governing Documents and may change/amend such limitations in certain circumstances by once again providing Caledonia with written instructions.

Item 17. VOTING CLIENT SECURITIES

As applicable, Caledonia is generally granted the authority and responsibility in relevant Governing Documents to vote proxies solicited by the issuers of securities held in Client accounts. Caledonia has adopted written policies and procedures governing the voting of such proxies. According to such policies, Caledonia will vote proxies in a manner that it determines in good faith to be in the best interest of its Clients, typically with the goal of maximizing value for Clients. To that end, Caledonia endeavors to vote proxies in the manner that it determines in good faith to be most likely to cause Clients' investments to increase the most, or decline the least, in value. Consideration is given to both the short-term and long-term implications of the proposal being voted on.

If a material conflict of interest between Caledonia and a client exists, Caledonia will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

In the event of any actual or potential conflicts of interests in the voting of any Client proxies, Caledonia will make appropriate disclosures to clients and either abstain from voting or request that the Client vote the proxy(s).

Clients may obtain a copy of Caledonia's proxy voting policies and procedures and information about how Caledonia voted a Client's proxies by contacting Caledonia at hhilgers@caledoniafund.com or by phone at +612 9255 7640.

It is Caledonia's policy to not participate in class action lawsuits on behalf of Clients. Caledonia would develop procedures should Caledonia's policy regarding participation in class action lawsuits change.

Item 18. FINANCIAL INFORMATION

This Item is not applicable.