

Item 1



Blackcrane Capital, LLC

(Trade name: Blackcrane Capital)

Brochure

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This brochure provides information about the qualifications and business practices of Blackcrane Capital, LLC. If you have any questions about the contents of this brochure, please contact us at info@blackcranecap.com or +1 (425) 502-7589. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Blackcrane Capital, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Blackcrane Capital, LLC's CRD number is 0165017.

Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

This is Blackcrane Capital, LLC's ("Blackcrane" or "the Company") Annual Updating Amendment.

The summary of Material Changes includes:

Details of Items 4, 7, 8 and 17- Private Fund details have been updated to include the Blackcrane Partners Fund, LLC.

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Item 4 Advisory Business

About the firm

Blackcrane Capital, LLC (“Blackcrane,” “Company” or the “Firm”) is an investment management firm that provides investment advisory services to individuals, institutional clients, private funds, and a registered investment company (mutual fund). The company was formed in 2012 as a Washington limited liability company. It serves as an investment adviser to SIT International Equity Fund and International Equity Fund, a U.S. Investment Company and a Canadian Investment Company Fund, respectively (together, the “Mutual Funds”), the Blackcrane Overseas Alpha Fund, LLC (“Overseas Alpha Fund”) a Delaware private fund, the Blackcrane Partners Fund, LLC (“Partners Fund”) a Delaware private fund, several US institutional SMA accounts; and a US high net worth SMA account. In addition, Blackcrane provides a portfolio model-only service.

Blackcrane’s mission is to provide clients with active investment management. Blackcrane focuses its efforts on identifying companies that are undergoing significant fundamental change, and leverages its expertise in the international public equities investment universe. Blackcrane is a federally registered investment adviser with the SEC, effective September 15, 2014; from January 2013 until that time the company was registered as an investment adviser in Washington State. As of January 2014, the company is registered as an investment adviser in the Republic of Korea. Client assets under management on a discretionary basis are \$686.9 million as of February 28th, 2020.

Blackcrane is majority owned by its four active partners: Daniel Kim, Michelle Kim, Aaron Bower, and Victor Lee. The founders intend for the Firm to remain a closely held company with a large percentage of its equity ownership shared by its employees. Northern Lights MidCo LLC (“MidCo”) holds a 25% direct ownership interest in Blackcrane.

Blackcrane’s indirect owners include Aurora Trust, the sole owner of MidCo; Aurora Investment Management Pty Limited (“Trustee”), Trustee of Aurora Trust; and Pacific Current Group (formerly Treasury Group Limited) (“Pacific Current”), an Australian financial company listed on the Australian Stock Exchange, sole owner of the Trustee.

Daniel Kim and Aaron Bower provide investment advisory services, including portfolio strategy, stock selection and investment research. Michelle Kim handles operational and administrative issues, and Victor Lee supports the investment team primarily in Korea and Singapore.

Advisory services

International equity markets offer a selection of investment opportunities to capitalize on the secular growth trends in today’s global economy. International markets also tend to contain higher levels of investment bias and volatility caused by market inefficiencies; Blackcrane’s strategy is to take advantage of these inefficiencies to improve investment returns. Blackcrane’s investment approach strives to identify fundamental inefficiencies, while pursuing the optimization of the management of both internal and external investment biases.

Private Funds

Blackcrane is the managing member of two private commingled funds, the Blackcrane Overseas Alpha Fund, LLC (“Overseas Alpha Fund”), & the Blackcrane Partners Fund, LLC (“Partners Fund”). The Partners

Fund currently manages assets only for the Investment Manager and its principals, and has not offered member interests to outside parties.

Blackcrane Overseas Alpha Fund, LLC

The Overseas Alpha Fund's investment objective is to maximize medium- and long-term absolute capital appreciation. The Overseas Alpha Fund enables investors to participate in the growth prospects of publicly traded equity securities found outside of the US markets. Blackcrane executes "long only" trades in the Fund and does not intend to use utilize leverage or purchase derivative securities as part of its core strategy.

Blackcrane's investment strategy contains two components: 1) rigorous, bottom-up analysis to identify companies with superior fundamentals that have not yet been discovered by the market, and 2) management of internal and external investment biases. For a description of the Fund's Investment Objectives and Strategy, see Item 8 and the Overseas Alpha Fund's private placement memorandum. The benchmark of the Fund is the MSCI EAFE Index.

Blackcrane Partners Fund, LLC

The Partners Fund is directional and seeks to achieve above-average capital appreciation in equity securities and instruments traded in global capital markets that the Investment Manager believes to be underpriced relative to anticipated future earnings, cash flow, or asset value. The Partners Fund will typically hold a more concentrated portfolio, with fewer positions and higher weightings, than Blackcrane's other funds, separately managed accounts, or advisory services. Investments will primarily be long positions, but may also include short positions and may use leverage. Investment in restricted securities is not anticipated. These investment techniques permit the Fund to utilize an opportunistic approach to investing, especially in volatile markets. The Fund may engage in such additional strategies or change portfolio allocations and weightings in response to economic and market conditions, as determined by the Investment Manager.

Blackcrane's investment strategy contains two components: 1) rigorous, bottom-up analysis to identify companies with superior fundamentals that have not yet been discovered by the market, and 2) management of internal and external investment biases. For a description of the Partners Fund's Investment Objective and Strategy, see Item 8 and the Partners Fund's private placement memorandum. The benchmark of the Partners Fund is the MSCI EAFE Index.

Portfolio Model-Only Advisory Service

Blackcrane offers a portfolio model-only advisory service (the "Model-Only") to clients with the same strategy as used by the Fund. For this service, Blackcrane generally communicates a model portfolio no less than once a month to the client. Blackcrane will deliver only a model portfolio through this service; the client is responsible for all other aspects of portfolio management, including administration, timing and execution if the client elects to implement the model. Blackcrane does not monitor the client's portfolio to determine the model it provides, and the model provided is not customized to the respective client's holdings and investment strategy. Holdings recommended by Blackcrane through this service will generally be the same as those that Blackcrane implements for the Fund.

The term of this service will be for one year, and may be extended for successive one-year terms upon mutual agreement of both parties.

International Managed Account

Blackcrane offers an International Managed Account service. Blackcrane will provide investment advisory services for global equity markets to separately managed accounts in an effort to maximize medium-to-long term absolute capital appreciation. Clients choosing this strategy grant the Firm discretionary powers to execute securities transactions on their behalf. Please refer to Item 16 of this document. The strategy for this service will be similar to that of the Fund, but unlike the Fund, clients can impose restrictions and constraints to their respective separately managed accounts. This strategy is intended to offer clients a platform to participate in the growth prospects of equity securities found outside the US.

The International Managed Account strategy will be based on bottom-up fundamental analysis combined with a non-traditional, opportunistic approach to investing. Companies demonstrating an accelerating improvement in their fundamentals that also contain an unwarranted pessimism discounted into the shares will be optimal investment candidates. Procedures to minimize investment bias will be thematic and explicitly incorporated throughout the investment process. Blackcrane will focus its investments on “long only” trades, but may use short trades, derivatives, and other instruments if, in the opinion of the Company, it is appropriate or in the best interest of the client.

Global Managed Account

For the Global Managed Account service, Blackcrane will provide investment advisory services for global equity markets in an effort to maximize medium-to-long term absolute capital appreciation. The strategy for this service will be similar to that of the Fund, with a more significant weighting in US domiciled companies. The Company offers the client a platform to participate in the growth prospects of equity securities located in worldwide markets. The service is unconstrained by geographic allocations and can invest in any country Blackcrane deems appropriate.

The Global Managed Account strategy will be based on bottom-up fundamental analysis combined with a non-traditional, opportunistic approach to investing. Companies demonstrating an accelerating improvement in their fundamentals that also contain an unwarranted pessimism discounted into the shares will be optimal investment candidates. Procedures to minimize investment bias will be thematic and explicitly incorporated throughout the investment process. Blackcrane will focus its investments on “long only” trades, but may use short trades, derivatives, and other instruments if, in the opinion of the Company, it is appropriate or in the best interest of the client.

The Global Managed Account service will be offered on a separately managed account basis.

Investment Company Sub-Advisory Service

Blackcrane Capital provides investment management discretionary services as a sub-adviser to the Mutual Funds. In this capacity, Blackcrane selects securities for the Mutual Funds to acquire or sell.

As a sub-adviser to the Mutual Funds, the Firm is obligated to follow the investment objectives of the respective Mutual Fund as mandated in the respective Mutual Fund’s prospectus and sub-advisory

agreement. The investment objectives are defined in the respective Mutual Fund's prospectus and in the statement of additional information. Please review these important documents for additional details.

Item 5 Fees and Compensation

The Overseas Alpha Fund

The annual management fee is equal to 1.25% of assets under management. However, investors may negotiate the fees it pays through side letters; all investors may not pay the same fee. The management fee will be deducted directly from each investor's account in arrears on the last business day of each quarter. The Fund will also be charged for any reasonable direct expenses that it incurs, including but not limited to: fund accounting, audit, custody, and administration. Fees and expenses will be deducted directly from the Fund.

The reasonable fees, costs and out-of-pocket expenses (including all reasonable legal, accounting, auditing fees and disbursements) incurred by the Blackcrane in connection with the formation of the Fund (Organizational Expenses) will be paid by the Fund. Organizational Expenses may, for net asset value purposes, be amortized over a period of up to one hundred and eighty (180) months from the date the Fund commences operations

Except as otherwise expressly agreed by the Managing Member, the Fund will bear and pay all of its reasonable expenses, including, without limitation: Organizational Expenses; legal, accounting, audit and tax preparation, and other external professional fees and expenses other than Organizational Expenses; all out-of-pocket costs and fees of evaluating potential investments to be made by the Fund and of making, holding or selling investments for the Fund; including, without limitation, finder's, placement, investment banking, custodian, transfer agent, brokerage, registration and other similar fees and expenses; travel and entertainment expenses and the costs of litigations related to investments, including the costs of proxy or corporate control contests; dividends payable with respect to securities sold short, if any, soft dollar expenses, external research expenses; Bloomberg fees and other expenses incurred in connection with data services providing real-time price feeds, real-time news feeds, Securities and company information, company fundamental data, and "S&P Index Alerts," expenses incurred with regard to internet and other connection fees and cable television fees, all attributable to such investments; out- of-pocket costs of reporting to regulatory authorities (if required), the Members, and providing annual audited financial statements and filing annual tax returns for the Fund; any taxes, fees or other governmental charges levied against the Fund or its income or assets or in connection with its business or operations; and all other costs and expenses of the Fund or the Managing Member in connection with this Agreement other than Overhead Expenses, such as costs of litigation or other matters that are the subject of indemnification pursuant to this Agreement and costs of winding-up and liquidating the Fund.

To the extent that the Managing Member or any of its affiliates pays or otherwise bear the costs of any expenses of the Fund, the Fund will reimburse the Managing Member and its affiliates for the same, unless the Managing Member or its affiliates expressly waive the right to such reimbursement.

In addition, the Managing Member will bear its own general and administrative expenses, including the following: office rent; furniture and fixtures; stationery; secretarial/internal administrative services; salaries; entertainment expenses; employee insurance and payroll taxes (collectively such general and administrative expenses of the Managing Member, including the foregoing, "Overhead Expenses").

Notwithstanding the foregoing, Internet, cable television, real-time news feeds, connection fees and other similar charges, or data services providing real-time price feeds, real-time news feeds, Securities and company information, company fundamental data, and “S&P Index Alerts” (including without limitation, rental of cable boxes, Internet terminals or Bloomberg terminals), are to be considered operational expenses of the Fund and excluded from “Overhead Expenses.”

Overseas Alpha Fund Redemptions

Funds are subject to a one-year lockup period. Following the one year anniversary of an investment, a client must provide at least 30 days prior written notice for a redemption. Upon at least 30 days prior written notice, the client may withdraw any portion of its capital account as of the last business day of each month (the Redemption Date). The client must include in the written notice their intention to make such a withdrawal and the amount or basis on which the amount is to be determined. The Managing Member of the fund may waive or modify the conditions relating to withdrawals. No partial redemptions will be permitted which would result in a reduction of 90% or more of a member’s capital account balance, unless waived by the Managing Member. Within five business days following the Redemption Date, the company will pay the client 95% of the applicable redemption price (subject to the imposition of actual costs and expenses incurred in connection with the withdrawal), and will pay the balance, without interest, within five business days following the completion of the audit of the financial statements for the fiscal year.

At its sole discretion, the Managing Member may waive the prohibition on the redemption of an investment prior to the one-year lockup period. The Managing Member may assess a charge of up to 2% of any withdrawal it permits prior to the expiration of the one year period lockup period.

Note: For a full detailed breakdown of all fees and expenses, please refer to the Private Placement Memoranda of the Fund.

Portfolio Model-Only Advisory Service

Fees for the Portfolio Model-Only Advisory Service are negotiable; all clients do not pay the same fee. The annual management fee is based on assets managed by the client under the strategy provided by Blackcrane. The Model-Only fee generally will be equal to 2% of assets managed under the strategy plus an incentive fee. At the end of each quarter, the client will promptly notify the Company of the assets managed under the agreement. Blackcrane will confirm any calculations provided by the client and will bill the client in arrears following the last business day of each quarter.

As explained below (Item 6), Blackcrane may also receive an incentive allocation based on the performance of assets managed under this strategy (this may be interpreted as a performance fee). No incentive allocation will be allocated to the Managing Member with respect to any client who is not a “qualified client.”

International Managed Account

Fees for the International Managed Account service are negotiable; all clients do not pay the same fee. The annual management fee is generally equal to 2% of assets under management plus an incentive fee. The method of fee payment is negotiable; the fee will either be deducted directly from each investor’s

account in arrears on the last business day of each quarter, or the client will be billed directly in arrears on the last business day of each quarter.

As explained below (Item 6), Blackcrane may also receive an incentive fee based on the performance of assets managed under this service (this may be interpreted as a performance fee). No incentive fee will be paid to Blackcrane with respect to any client who is not a “qualified client”.

Global SMA Managed Account

Fees for the Global SMA Managed Account service are negotiable; all clients do not pay the same fee. The annual management fee is generally equal to 2% of assets under management plus an incentive fee. The method of fee payment is negotiable; the fee will either be deducted directly from each investor’s account in arrears on the last business day of each quarter, or the client will be billed directly in arrears on the last business day of each quarter.

As explained below (Item 6), Blackcrane may also receive an incentive fee based on the performance of assets managed under this service (this may be interpreted as a performance fee). No incentive fee will be paid to Blackcrane with respect to any client who is not a “qualified client.”

Investment Company Sub-Advisory Service

Blackcrane Capital is paid a sub-advisory fee based upon the value of assets managed for the Mutual Funds under the sub-advisory agreement. The fee is defined and paid as documented in the written sub-advisory agreement Blackcrane has with the respective Mutual Fund.

Please refer to the mutual fund’s prospectus to determine mutual fund share class minimum investment amounts. As a sub-adviser, Blackcrane is paid an asset-based fee that may be higher or lower than the fees charged to non-mutual fund clients for the same strategy.

Please review the respective Mutual Fund’s prospectus and statement of additional information for additional fee and fee payment details.

All Clients

Blackcrane will deliver written disclosure materials containing the information required by SEC Rule 204(b)-1 under the Investment Advisers Act (this brochure) before or at the time of entering into any investment advisory contract with clients or prospective clients.

Prepayment of Fees and Termination

Generally, fees are paid in arrears. Should Blackcrane enter into any future agreement for payment of advisory fees in advance, Blackcrane will, upon receiving notice from a client that the investment management relationship is being terminated, issue a refund equal to the unearned management fee pro rata to the date of termination.

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

Portfolio Model-Only Advisory Service

The Company may receive an incentive fee based on the performance of investments managed according to the model-only advisory service. This fee will be based on a hurdle rate, which means that if the performance of funds managed according to the advisory portfolio exceed a certain rate, Blackcrane may be paid a portion of the profit. Both the level of the incentive fee and the hurdle rate are negotiable.

International Managed Account

The Company may receive an incentive fee based on the performance of accounts managed under this service. This fee will be based on a hurdle rate, which means that if the performance of investments managed according to the advisory portfolio exceed a certain rate, Blackcrane may be paid a portion of the profit. Both the level of the incentive fee and the hurdle rate are negotiable.

Global Managed Account

The Company may receive an incentive fee based on the performance of accounts managed under this service. This fee will be based on a hurdle rate, which means that if performance of investments managed according to the advisory portfolio exceed a certain rate, Blackcrane may be paid a portion of the profit. Both the level of the incentive fee and the hurdle rate are negotiable.

Conflict of Interest

Blackcrane may manage both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee. This could cause the Company to face a potential conflict of interest, as Blackcrane could have an incentive to favor accounts for which the Company receives a performance-based fee. To address this potential conflict, Blackcrane has implemented procedures to ensure investment opportunities and trading allocations are distributed fairly.

Item 7 Types of Clients

Blackcrane provides advisory services to the Overseas Alpha Fund, the Partners Fund, Mutual Funds and institutional and individual clients.

The Overseas Alpha Fund's investors may include institutional investors such as foundations, pension funds, endowments, and fund of funds. Individual investors may include family offices, high net worth individuals, and other private investors. The minimum account size for the Private Fund is \$250,000 and the minimum additional investment is \$100,000. These minimum requirements are waived or altered at the discretion of the Managing Member.

The Partners Fund was initially formed for the investment of the Investment Manager and its principals, and has not offered member interests to outside parties.

Blackcrane provides a Portfolio Model-Only Advisory Service, with clients generally expected to consist of institutional investors, such as fund of funds and pension funds. For this service, the minimum level of assets managed by the client according to this strategy is generally \$1,000,000. This minimum requirement may be waived or altered at the discretion of Blackcrane.

Blackcrane provides an International Managed Account service to prospective clients; prospective clients generally are expected to consist of high-net-worth individuals and prospective institutional investors, such as fund of funds and pension funds. For this service, the minimum level of assets managed by the client according to this strategy must be \$250,000. There are no restrictions on additional investments. This minimum requirement may be waived or altered at the discretion of Blackcrane.

Blackcrane provides a Global Managed Account service, with clients generally expected to consist of high-net-worth individuals and prospective institutional investors, such as fund of funds and pension funds. For this service, the minimum level of assets managed by the client according to this strategy must be \$250,000. There are no restrictions on additional investments. This minimum requirement may be waived or altered at the discretion of Blackcrane.

Blackcrane provides an Investment Company Sub-Advisory Service to investment companies registered under the Investment Company Act of 1940 and laws of other countries. There are no restrictions on additional investments.

Clients for all services (except the Investment Company Sub-Advisory Service) will be “accredited investors” under the Regulation D promulgated under the Securities Act of 1933, as amended or “qualified clients” under Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended.

The term “accredited investor” means:

Any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000.

(i) Except as provided in paragraph (a)(5)(ii) of this section, for purposes of calculating net worth under this paragraph (a)(5):

(A) The person's primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

(ii) Paragraph (a)(5)(i) of this section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that:

(A) Such right was held by the person on July 20, 2010;

(B) The person qualified as an accredited investor on the basis of net worth at the time the person acquired such right; and

(C) The person held securities of the same issuer, other than such right, on July 20, 2010.

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

The term “qualified client” means:

(i) A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000. For purposes of calculating a natural person's net worth:

(1) The person's primary residence must not be included as an asset;

(2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

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

Product Description

Blackcrane’s investment objective is to maximize medium- and long-term absolute capital appreciation, without conforming to traditional benchmark driven standards commonly found in the industry.

The Blackcrane Overseas Alpha Fund, LLC

The Overseas Alpha Fund offers its investors the means to participate in the growth prospects of publicly traded equity securities found outside of the US markets. The Overseas Alpha Fund will primarily execute “long only” trades.

The Blackcrane Partners Fund, LLC

The Partners Fund offers its investors the means to participate in the growth prospects of publicly traded equity securities and instruments traded in global capital markets. Investments will primarily be long positions, but may also include short positions and may use leverage.

Portfolio Model-Only Advisory Service

Blackcrane’s portfolio model-only advisory service provides clients with a portfolio constructed according to the general investment strategy below, which will generally be very similar to the portfolio held by the Fund. Model portfolio updates will be provided to clients on an ongoing basis, at least once per month. This service allows clients to receive recommended holdings from Blackcrane, with the clients being responsible for implementation and all other requirements of managing a portfolio.

International Managed Account

The International Managed Account service offers clients the means to participate in the growth prospects of publicly traded equity securities in worldwide markets. Blackcrane will primarily execute “long only” trades. The use of leverage or derivatives is not anticipated at this time, although they could be utilized in response to specific client requests (such as for currency hedging) or in situations where Blackcrane determines their use is prudent.

Global Managed Account

The Global Managed Account service offers clients the means to participate in the growth prospects of publicly traded equity securities in worldwide markets. Blackcrane will primarily execute “long only” trades. The use of leverage or derivatives is not anticipated at this time, although they could be utilized in response to specific client requests (such as for currency hedging) or in situations where Blackcrane determines their use is prudent.

Investment Company Advisory Service

Blackcrane Capital offers an Investment Company Sub-Advisory Service to registered investment companies (mutual funds). In this capacity, Blackcrane selects securities for the investment company to acquire or sell.

As a sub-advisor to an investment company, Blackcrane is obligated to follow the investment objectives of the investment company as mandated by the investment company’s prospectus and in the sub-advisory agreement. The investment objectives are defined in the investment company’s prospectus and in its statement of additional information.

Blackcrane's General Investment Strategy

Blackcrane's investment strategy seeks to identify companies that are undergoing significant and fundamental change. Blackcrane believes that because markets are semi-efficient, alpha can be generated by capitalizing on situations in which market consensus has miscalculated a company's true operating potential. Companies that are in the midst of a turnaround or inflection point are more likely to be misunderstood, thus are subject to higher levels of inefficiency.

The first step of the investment process involves targeting and prioritizing companies demonstrating an accelerating improvement in their fundamentals. Primarily, Blackcrane looks for companies with improvement in operating profit or EBITDA, but fundamental metrics can vary based on the company and industry. This ranking procedure is established according to the magnitude of unknown information catalysts, or "information targets," that are present within the company's investment thesis. Other desired characteristics would include a long-term sustainability of the investment story, and a backdrop of secular and structural growth in the market that the company operates in.

Among this narrowed list of investment prospects, companies in which the market has taken an unjustifiably pessimistic view would become top investment candidates. Although valuation-based price targets are considered in determining the sale point, they only serve as an initial reference point in Blackcrane's sell procedure. At the end of the day, price targets are only as good as the static valuation models that they are derived from, which are further exposed to human bias depending on what input variables are chosen. For example, how does one determine what an accurate PE multiple, weighted cost of capital, or terminal growth rate would be in valuing a security when all of these variables are continuously changing in real time?

In a world with numerous variables constantly influencing valuation at any given point in time, it is difficult to accurately and consistently time the sale of a security using one dimensional valuation models or price targets. Blackcrane attempts to execute its sell decision when all information targets have been disseminated into the market, and thus fully exhausted out of the stock. This serves as the ultimate check in minimizing internal bias, and specifically helps to avoid situations in which a stock perennially seems "too cheap," or the market just will not "behave" appropriately. Assuming markets are semi-efficient, Blackcrane bases its sale on the only true unbiased indicator of where any security should be trading – information itself.

To attempt to mitigate portfolio risk, the position size of any individual security will generally be limited to 10% of the total portfolio at cost. In regard to liquidity risk, investments will generally be made in companies with market capitalizations above \$1 billion.

Portfolio Construction

Allocation models will not be used to restrict the private Fund's investments to certain regions, countries, or industries.

Risks of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Risks include, but are not limited to:

- Market risk – clients are exposed to factors affecting the general securities environment, and holdings are likely to decline when the broader market declines. Prices are volatile and market movements are difficult to predict. The diversification that may be afforded by the long-equity approach may not insulate investors against major disruptions or turmoil in the global financial markets generally, which could result in some or all of the investments suffering substantial losses simultaneously.
- Portfolio management risk – the actions of the investment team will play a large role in meeting clients’ objectives. The past investment performance of clients or other vehicles managed previously by Blackcrane’s investment team should not be construed as an indication of the future results for clients. There can be no assurance that the Firm’s assessments of the short-term or long-term prospects of an investment will prove accurate or that a client will achieve its investment objective.
- Foreign country risk – risks in foreign securities may be different and greater than in domestic securities. Availability of information may be less, laws may be less stringent in protecting investor interests, and general stability of foreign countries and companies may be less. This can lead to higher volatility and large losses in clients’ investments.
- Political, social, legal and economic risks – clients’ holdings will be affected by the changing political, social, legal, and economic environments of the various countries in which it invests. These environments may differ dramatically from that found in the United States, and may change quickly. Changes in any of these environments may be unforeseen and may have a large negative effect on clients’ holdings. These risks may be particularly high in emerging market countries where clients may have exposure.
- Currency risks – as an international strategy, equity investments will normally be undertaken in the local currency. This exposes clients to various potential losses, including those due to currency fluctuations and potential capital controls, which could limit the clients’ ability to exit investments or repatriate funds.
- Volatility and settlement risk – liquidity, volatility, and efficiency of overseas markets may vary and be less favorable than in domestic markets. This may lead to losses from poor execution and settlement, or negative impact from the difficulty in trading highly volatile markets.
- Small company risk – clients’ may, at times, invest in smaller capitalization companies. These companies are generally higher risk than large companies due to higher volatility in earnings and share price, potential less operational history, and more limited information availability. Lack of liquidity in smaller companies may also have a negative impact on clients’ performance as exiting these positions may be more difficult.
- Accounting risk – overseas companies may have differing accounting standards, and their financial statements may sometimes be unreliable. Fraud and incomplete or poor reporting may lead to large and unexpected losses in client investments.
- IPO risk – clients may, at times, invest in IPOs. These investments may have higher volatility, price movements may be unpredictable, and companies involved may have less operational history and be more speculative. All of these factors increase the risk of unexpected and negative impacts on the portfolio
- Interest rate risk – the value of Investments in client portfolios may be impacted by changes in the in level of interest rates, the spread between two rates, the shape of the yield curve, and

other rate related movements. These changes can be unpredictable and may cause losses for clients.

- Liquidity risk – Some investments made by clients may be subject to limited liquidity. This means clients may not be able to buy or sell some securities quickly enough to prevent or minimize a loss. In addition, clients may be subject to high costs or losses due to wide bid-ask spreads or large price movements. In times of crisis, liquidity risk can affect even investments in large capitalization companies in which clients may invest.
- Tax - tax law may change in certain countries, causing unexpected tax burdens on client investments or negatively affecting companies in which the client has holdings. The Company will not seek rulings from the Internal Revenue Service ("IRS") or any legal opinion with respect to any of the federal or overseas tax considerations. Moreover, clients may take positions as to which the tax consequences are unclear. No assurance can be given that the currently anticipated income tax treatment of an investment will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of clients.
- Key person dependency – employees who fill critical roles at the Company have spent many years developing expertise, building relationships, and learning essential processes. These employees significantly impact business operation, and loss of them or their knowledge could adversely impact clients and creates risks to successfully meeting investment objectives. Blackcrane, as a small company, may be particularly vulnerable to this risk.
- Market timing risk – Anticipating market rises and falls can be extremely difficult. Returns to clients may be dramatically different depending on when they became clients or Fund investors, where the economy is in the economic cycle, and other factors. It should not be assumed that future returns will be similar to past performance, and no guarantee is made of the predictive powers of the Company.
- Lack of diversification in investments - clients may hold a relatively small number of securities, so losses incurred in such securities could have a disproportionate effect on the client. Some of the investments clients may undertake may concentrate assets in only a few industries or countries. Concentration of clients' investments, if any, may cause a proportionately greater loss than if such investments had been spread over a larger number of chosen investments.
- No independent counsel - no independent legal counsel has been retained to represent the interests of clients, including Fund investors. Each prospective client and Fund investor is therefore urged to consult its own counsel as to the terms and provisions of the Company and with regard to all other related documents.
- Speculative nature of the investment program - prospective clients and Fund investors should be aware that the investment program is speculative and involves a high degree of risk. The investment strategies utilized by Blackcrane cannot provide any assurance that clients and Fund will not be exposed to risks of significant investment and trading losses.
- Restricted securities and lack of liquidity - Interests in the Fund are subject to substantial restrictions on transferability. The Company does not anticipate a secondary market for the Interests and, consequently, holders of Interests may not be able to dispose their Interests, except as disclosed in the redemption terms. Certain notice periods and requirements must be met before Investors may redeem their Interests. The risk of any decline in the Fund investor's

Capital Account values during the period from the date of notice of redemption until the redemption date will be borne by the holders of the Interests requesting redemption.

- Counterparty risk - some of the instruments in which clients' assets may be invested may be traded in markets in which performance will be the responsibility only of the individual counterparty and not of an exchange or clearinghouse. In these cases, the assets will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. There is the possibility that institutions, including brokerage firms and banks with whom the Company does business, or to which clients' securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of clients.
- Performance-based compensation – clients' fee structure may create an incentive to make investments that are riskier or more speculative than would be the case if the Firm, or Managing Member in the case of the Fund, was only paid a fixed fee. In addition, because the applicable performance allocation is calculated on a basis that includes unrealized appreciation of clients' assets, it may be greater than if such allocation was based solely on realized gains.
- Lack of management control by Fund investors – in the case of the Fund, Members do not have the right to participate in the management, control or operation of the Fund or to remove the Managing Member under any circumstances.
- Use of side letters – in the case of the Fund, the Managing Member may from time to time seek to induce investment by offering investment terms which are not available to other Investors in the Fund. In such cases the parties may enter into a written side letter arrangement varying the terms of the offer. Such variations may include, without limitation, variations to fees, minimum investment or redemption terms, with the effect that not all investors in the Fund will invest on the same terms and some investors may enjoy more favorable terms and information than other investors.

Hedging transactions – clients may utilize financial instruments both for investment purposes and to seek to hedge against fluctuations in the relative values of an investment. Although the intent of hedging is to reduce fluctuations in the value of a client's portfolio as a whole, in certain circumstances, particularly when markets are subject to extreme events, hedging activity may add to the volatility of a portfolio. There is no guarantee that hedges will operate as designed.

Swaps – clients may enter into swap agreements with bona fide counterparties or other external or internal investment vehicles, including related or affiliated entities. The swap agreements may be entered into directly by clients. These swaps are contracts to buy, sell or exchange a portion of the profits or losses of an investment owned by another party. Accordingly, clients may have investment risk exposure not only with respect to its assets, but also as to certain assets owned by others to the extent clients participate in swaps.

Additional Risks of the Portfolio Model-Only Advisory Service

Portfolio Model-Only Advisory Service clients also face all of the above risks and additional risks including, but not limited to:

- Communication risk – model portfolios will be communicated in a format including, but not limited to: a Microsoft Excel template, telephone call, physical meeting, and written letter, including email. These communications may be vulnerable to both technical and human error,

and consequently, despite the best efforts of both parties, at times delivery of these portfolios may be disrupted, delayed, incomplete, or inaccurate.

- Implementation risk – Model-Only clients may not have the capability to execute trades to accurately replicate the model portfolio, or such trades may not be economically viable, for example due to regulatory issues, registrations, brokerage accounts, and portfolio size.
- Currency translation risk – Blackcrane uses the MSCI EAFE Index, an index priced in US dollars, as its benchmark, and generally holds cash positions in US dollars. Blackcrane will recommend model portfolio holdings only from the perspective of a US dollar based investor; Model-Only clients that hold cash in other currencies or measure returns in a currency other than US dollars may find that their actual returns differ significantly from the theoretical US dollar return of any advisory portfolio.

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 your evaluation of Blackcrane or the integrity of Blackcrane's management. There is no applicable information to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Blackcrane serves as investment advisor and manager to affiliated private funds as described in Item 4. The Overseas Alpha Fund may be offered to Blackcrane's existing and prospective clients. The Partners Fund is not currently offered to existing or prospective clients. Blackcrane is the managing member of both the Overseas Alpha Fund and Partners Fund.

Blackcrane also is a sub-advisor to a US registered investment company and a Canadian Investment company, as described in Item 4.

Daniel Kim is Managing Member and Chief Investment Officer of Blackcrane.

Blackcrane is indirectly owned in part, through Northern Lights Midco LLC, by Aurora Trust, an Australian trust, which is controlled by Pacific Current Group, an Australian financial company listed on the Australian Stock Exchange. Aurora trust holds ownership interests in a number of investment advisors and broker-dealers. Blackcrane does not have business relationships with any of those firms, except NLCG Distributors, LLC ("NLCGD"), an SEC registered broker-dealer, which provides services to Blackcrane under a sales and marketing services agreement. The two firms are deemed to be under common control with each another as a result of Aurora Trust's indirect ownership interests in them.

In addition, Blackcrane compensates NLCGD for client referrals. Please see Item 14 (Client Referrals) for more information.

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

Blackcrane has adopted a Code of Ethics to ensure that all managers, officers and employees act in an ethical manner that reflects the professional standards expected of persons in the investment advisory business. These standards require all personnel to be judicious, accurate, objective and reasonable in dealing with advisory clients. All personnel must act within the spirit and the letter of the federal, state

and local laws and regulations pertaining to investment advisers and the general conduct of business. Members of Blackcrane have a fiduciary duty to act in the best interest of its clients and the Members.

At all times, the interests of Blackcrane's clients are paramount, and all personnel will place the interests of its clients ahead of any personal interests in accordance with the company's fiduciary duty to act in the best interest of its clients and members of the Fund. Accordingly, personal transactions in securities by Blackcrane's personnel must be accomplished so as to avoid even the appearance of a conflict of interest on the part of such personnel with the interests of its clients. Likewise, Blackcrane's personnel must avoid actions or activities that allow (or appear to allow) a person to profit or benefit from his or her position with the company at the expense of clients, or that otherwise bring into question the person's independence or judgment.

Blackcrane has adopted Insider Trading Policies which set parameters for the establishment, maintenance and enforcement of policies and procedures to detect and prevent the misuse of material non-public information by its personnel. The Company has also adopted Personal Trading Policies which set parameters for the establishment, maintenance and enforcement of policies and procedures to detect and prevent personnel from taking advantage of, or even appearing to take advantage of, their fiduciary relationship with its clients. Personal securities transactions are permitted under the following restrictions: no trades within 5 calendar days of client trade or consideration, exempt from the restricted list, no IPOs, no trades within 30 days of purchase or sale, no short sales, no private placements, and no participation in investment clubs. There may be case by case exemptions made by the compliance officer in regard to the 30 days holding period, but no exceptions will be approved if it could create an appearance of a conflict of interest or a violation of the company's fiduciary duty. Blackcrane's personnel will not accept compensation for services from outside sources without the specific permission of its compliance officer. If and when personnel face a conflict between their personal interest and the interests of clients, they will report the conflict to the compliance officer for instruction regarding how to proceed.

The recommendations and actions of Blackcrane are confidential and private matters. Accordingly, it is company's policy to prohibit, prior to general public release, the transmission, distribution or communication of any information regarding securities transactions of client accounts except to broker/dealers in the ordinary course of business. In addition, no information obtained during the course of employment regarding particular securities (including internal reports and recommendations) may be transmitted, distributed, or communicated to anyone who is not affiliated with the company, without the prior written approval of the compliance officer.

The policies and guidelines set forth in Blackcrane's Code of Ethics are strictly adhered to by all personnel. Severe disciplinary actions, including dismissal, may be imposed for violations of the Code of Ethics.

Blackcrane will provide a copy of its Code of Ethics, at no cost, to any client or prospective client (including Fund investors and prospective investors) upon request made to the Chief Compliance Officer.

In addition to individual personal transactions, Blackcrane manages the Blackcrane Partners Fund, LLC. Initial members of this fund are only the Company and its principals; this could cause Blackcrane to face a potential conflict of interest, as it may have an incentive to favor the Partners Fund ahead of other client accounts. In cases of investment or strategy overlap between the Partners Fund and other client

accounts, Blackcrane will allocate investment and trading opportunities in a manner believed by the Blackcrane to be fair and equitable to each client and account, taking into account various factors, such as clients' objectives, strategies, cashflow, portfolio construction, and risk tolerance. Where practical, and in the clients' best interest, Blackcrane will aggregate client and fund trades.

Item 12 Brokerage Practices

Blackcrane will select brokers for trade execution based on, among other factors, transaction cost, execution quality, experience, market position, ability to access international markets, availability of a particular stock in the broker's inventory, and suitability for the size of the Fund or the separately managed account. In some cases, as typical in the brokerage industry, brokerage commissions will also provide the Company a benefit by enabling Blackcrane to access a broker-dealer's analysts, proprietary research, or data for no further charge ("soft dollars"). This research will be used for the benefit of the Private Funds, Mutual Funds or separately managed accounts, and therefore the general benefit of all clients. The brokerage selection process may also consider these research products received, and therefore may not be solely based on the lowest commission available. Orders for client accounts will generally be aggregated and allocated to the clients in the order utilizing an average price.

The Company will not knowingly and intentionally "pay up" for soft dollar benefits, or cause clients to pay marked-up commissions for any benefits from broker-dealers. Blackcrane does not pay for, or consider, in broker selection, client referrals.

Blackcrane will allocate investment and trading opportunities (including the sequence of placing orders if not "batched") in a manner believed by the Blackcrane to be fair and equitable to each client. In making allocations, Blackcrane will take into account the following factors:

- the clients' investment objectives and strategies;
- the composition, size and characteristics of the account;
- the cash flows and amount of investment funds available to each client;
- the amount already committed by each client to a specific investment;
- each client's risk tolerance and the relative risk of the investment; and
- the marketability of the security being considered.

Blackcrane may deviate from strictly pro rata allocation, when appropriate, taking into account client mandates and the size of the allocation.

For the Model-Only Service, Blackcrane will not be involved in broker selection, as the clients are responsible for effecting any transaction.

Item 13 Review of Accounts

Blackcrane continually reviews the investments provided to the U.S. and Canadian investment companies, private Fund, client accounts, and model-only portfolios, and on a quarterly basis formally reviews accounts and portfolios to ensure positions (except for model-only clients) are aligned with the investment goals. Generally, the Investment Committee meets daily to review existing positions and new investment ideas. The chief investment officer along with other Blackcrane members conducts this review.

The Company, with the Fund's administrator, prepares quarterly written investment reports for investors in the private Overseas Alpha Fund that discuss account performances. For clients of the International & Global Managed Account services, Blackcrane will prepare a quarterly report that contains market commentary and a discussion of performance. For model-only clients, the Company will provide the client with a quarterly narrative market commentary along with estimated monthly return information for strategy.

In addition to the quarterly review, an account review may be triggered by specific client request. The Company will send itemized invoices to clients each time an advisory fee is deducted. This invoice will include the formula used to calculate the fee, the amount of assets under management that the fee is based on, and the time period covered by the fee. Within 120 days of the fiscal year end, the Company will send audited financial statements to all clients of the private Fund. We urge you to review the itemized invoices carefully and compare to the administrator and custodian's statements.

Item 14 Client Referrals and Other Compensation

The Company does not receive any economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

Blackcrane compensates NLCG Distributors, LLC, an SEC registered broker-dealer and a member of FINRA, as placement agent. NLCG Distributors may receive a percentage of the advisory fee paid to Blackcrane by investors who are solicited through the Sales and Marketing Services Agreement between Blackcrane Capital and NLCG Distributors. Blackcrane does not directly or indirectly compensate any other outside person for client referrals.

Item 15 Custody

Blackcrane has custody of client funds and securities in the Overseas Alpha Fund and Partners Fund as a related person is the managing member of the Overseas Alpha Fund and Partners Fund. The Overseas Alpha Fund is audited annually by a PCAOB accounting firm, and the audited financials are distributed to investors within 120 days of fiscal year. Cash and securities are held by a qualified custodian, Pershing LLC. Account statements will be sent quarterly by Blackcrane to clients for whom Blackcrane has custody, identifying the amount of funds and of each security of which the Company has custody at the end of the period and setting forth all transactions during that period. The Fund will be audited annually by an independent certified public accountant in accordance with generally accepted auditing standards. Audited financial statements will be distributed to all clients of the Fund within 120 days of the fiscal year end.

Blackcrane is sub-adviser to registered investment companies and does not have custody of funds of securities for these clients. For any other SMA accounts, the Custodian will maintain custody of funds and securities. Blackcrane does not have custody of model-only clients' assets.

Blackcrane will have custody of client funds and securities in separately managed accounts under the Global Managed Account service and the International Managed Account service, due to its discretionary authority to manage client funds and to deduct advisory fees directly from client accounts. Account statements will be sent quarterly to clients for whom Blackcrane has custody, identifying the amount of funds and of each security of which the Company has custody at the end of the period and setting forth all transactions during that period. Clients will receive statements directly from the Custodian.

Item 16 Investment Discretion

Generally, Blackcrane has discretionary authority to make the following determinations without obtaining the consent of any client, including the Overseas Alpha & Partners Funds, before the transactions are effected:

- The securities that are to be bought or sold;
- The total amount of the securities to be bought or sold;
- The brokers through which securities are to be bought or sold;
- The execution of “step out” or “away trades” with broker-dealers other than the client’s custodian;
- The commission rates at which securities transactions for client accounts are effected.

In some cases, clients may desire to limit discretion to invest in particular securities or establish other limitations on the types of investments that are made. Any guidelines and restrictions applicable to Blackcrane’s management of the account will be set forth in the client agreement.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of the Client.

Blackcrane Overseas Alpha Fund, LLC

For a description of how Blackcrane acquires discretionary authority, please see Section 10.17 of the LLC Agreement. Each Member by becoming party to the LLC Agreement through purchasing an Interest, irrevocably constitutes and appoints the Managing Member and each officer of the Managing Member, with power of substitution, as his true and lawful attorney-in-fact, in his name, place and stead. This power of attorney is coupled with an interest, is irrevocable, and shall survive and shall not be affected by the subsequent death, disability, incompetency, termination, bankruptcy, insolvency or dissolution of the Company, *provided, however*, that this power of attorney will terminate upon the substitution of another Member for all of the Investor’s investment in the Company, upon the withdrawal of the Member from the Company or upon the redemption of all ownership interests owned by the Member.

Notwithstanding anything to the contrary, the foregoing power-of-attorney is subject in all instances to the rights and privileges of the Members and limitations on the power and authority of Managing Member, and all other relevant terms and conditions set forth in this Agreement and the fiduciary duty of the Managing Member to the Members as a federally registered investment adviser with the SEC.

Blackcrane Partners Fund, LLC

For a description of how Blackcrane acquires discretionary authority, please see Section 10.17 of the LLC Agreement. Each Member by becoming party to the LLC Agreement through purchasing an Interest, irrevocably constitutes and appoints the Managing Member and each officer of the Managing Member, with power of substitution, as his true and lawful attorney-in-fact, in his name, place and stead. This power of attorney is coupled with an interest, is irrevocable, and shall survive and shall not be affected by the subsequent death, disability, incompetency, termination, bankruptcy, insolvency or dissolution of the Company, *provided, however*, that this power of attorney will terminate upon the substitution of

another Member for all of the Investor's investment in the Company, upon the withdrawal of the Member from the Company or upon the redemption of all ownership interests owned by the Member.

Notwithstanding anything to the contrary, the foregoing power-of-attorney is subject in all instances to the rights and privileges of the Members and limitations on the power and authority of Managing Member, and all other relevant terms and conditions set forth in this Agreement and the fiduciary duty of the Managing Member to the Members as a federally registered investment adviser with the SEC.

Non-Discretionary Model Portfolio Model-Only Advisory Service

Blackcrane has no discretionary authority over funds or clients of the Portfolio Model-Only Advisory Service.

International Managed Account

Ordinarily, Blackcrane has discretionary authority to make the following determinations without obtaining the consent of any client before the transactions are effected:

- The securities that are to be bought or sold;
- The total amount of the securities to be bought or sold;
- The brokers through which securities are to be bought or sold;
- The execution of "step out" or "away trades" with broker-dealers other than the Fund's custodian;
- The commission rates at which securities transactions for client accounts are effected.

In some cases, clients may desire to limit discretion to invest in particular securities or establish other limitations on the types of investments that are made. Any guidelines and restrictions applicable to our management of the account will be set forth in the client agreement.

Blackcrane's Investment Management Agreement limits discretionary authority. Such discretion is to be exercised in a manner consistent with the stated investment objectives of the account.

For a description of how Blackcrane acquires discretionary authority, please see the Investment Management Agreement. By agreeing to the Investment Management Agreement, the client provides Blackcrane full discretion and authority to supervise and direct the investment of the account, including without limitation, (i) making and implementing investment decisions, (ii) buying and selling and otherwise trading in securities or other related investments, either in Client's name or in nominee name on Client's behalf, and (iii) in furtherance of the foregoing to do anything, which Blackcrane deems requisite, appropriate or advisable, including without limitation, the submission of instructions to the Custodian of the Investment Account, all in furtherance of the Investment Guidelines, in each case all without prior consultation with Client.

The client appoints Blackcrane as client's attorney-in-fact for the limited purposes of exercising the foregoing power and authority and discharging Blackcrane's other obligations under this Investment Management Agreement. Blackcrane acknowledges that it is a fiduciary with respect to the client and assumes the duties, responsibilities and obligations of such fiduciary consistent with the requirements of a federally registered investment; provided, however, that nothing in the Investment Management Agreement will be deemed to limit any responsibility or liability that Adviser may have to Client to the extent such limitation would be inconsistent with applicable laws, including securities laws.

Global Managed Account

Ordinarily, Blackcrane has discretionary authority to make the following determinations without obtaining the consent of any client before the transactions are effected:

- The securities that are to be bought or sold;
- The total amount of the securities to be bought or sold;
- The brokers through which securities are to be bought or sold;
- The execution of “step out” or “away trades” with broker-dealers other than the client’s custodian;
- The commission rates at which securities transactions for client accounts are effected.

In some cases, clients may desire to limit discretion to invest in particular securities or establish other limitations on the types of investments that are made. Any guidelines and restrictions applicable to our management of the account will be set forth in the client agreement.

Such discretion is to be exercised in a manner consistent with the stated investment objectives of the account.

For a description of how Blackcrane acquires discretionary authority, please see Section 2 of the Investment Management Agreement. By agreeing to the Investment Management Agreement, the client provides Blackcrane full discretion and authority to supervise and direct the investment of the account, including without limitation, (i) making and implementing investment decisions, (ii) buying and selling and otherwise trading in securities or other related investments, either in Client’s name or in nominee name on Client’s behalf, and (iii) in furtherance of the foregoing to do anything, which Blackcrane deems requisite, appropriate or advisable, including without limitation, the submission of instructions to the Custodian of the Investment Account, all in furtherance of the Investment Guidelines, in each case all without prior consultation with Client.

The client appoints Blackcrane as client’s attorney-in-fact for the limited purposes of exercising the foregoing power and authority and discharging Blackcrane’s other obligations under this Investment Management Agreement. Blackcrane acknowledges that it is a fiduciary with respect to the client and assumes the duties, responsibilities and obligations of such fiduciary consistent with the requirements of a federally registered investment; provided, however, that nothing in the Investment Management Agreement will be deemed to limit any responsibility or liability that Advisor may have to Client to the extent such limitation would be inconsistent with applicable laws, including securities laws.

Investment Company Sub-Advisory Service

Blackcrane has discretionary authority to make the following determinations without obtaining the consent of any client before the transactions are effected:

- The securities that are to be bought or sold;
- The total amount of the securities to be bought or sold;
- The brokers through which securities are to be bought or sold;
- The execution of “step out” or “away trades” with broker-dealers other than the client’s custodian;

- The commission rates at which securities transactions for client accounts are effected.

Restrictions applicable to our management of the mutual fund's assets are set forth in the advisory agreement with the mutual fund.

Such discretion is to be exercised in a manner consistent with the stated investment objectives of the account.

For a description of how Blackcrane acquires discretionary authority, please see the Investment Management Agreement. By agreeing to the Investment Management Agreement, the mutual fund Advisor provides Blackcrane full discretion and authority to supervise and direct the investment of the mutual fund, including without limitation, (i) making and implementing investment decisions, (ii) buying and selling and otherwise trading in securities or other related investments, and (iii) in furtherance of the foregoing to do anything, which Advisor deems requisite, appropriate or advisable, including without limitation, the submission of instructions to the Custodian of the Investment Account, all in furtherance of the Investment Guidelines, in each case all without prior consultation with Client

The mutual fund appoints Blackcrane as client's attorney-in-fact for the limited purposes of exercising the foregoing power and authority and discharging Blackcrane's other obligations under the Investment Management Agreement. Blackcrane acknowledges that it is a fiduciary with respect to the mutual fund and assumes the duties, responsibilities and obligations of such fiduciary consistent with the requirements of a federally registered investment; provided, however, that nothing in the Investment Management Agreement will be deemed to limit any responsibility or liability that Advisor may have to Client to the extent such limitation would be inconsistent with applicable laws, including securities laws.

Item 17 Voting Client Securities

The Overseas Alpha Fund & Partners Fund

Blackcrane believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. The Company is committed to voting corporate proxies for the Fund(s) in a manner that serves the best interests of the Fund.

Each proxy proposal will be individually reviewed to determine whether the company's management recommendations are in the best interests of the Fund(s). As a result, similar proposals for different companies may be voted differently because of different corporate circumstances.

While Blackcrane's policy is to review each proxy proposal on its individual merits, the Company has adopted guidelines for certain types of matters to assist in the review and voting of proxies. Certain of Blackcrane's proxy voting guidelines are summarized below:

Blackcrane votes for: uncontested director nominees recommended by management; proposals that limit directors' liability and broaden directors' indemnification rights; proposals that require shareholder approval of poison pills; and ratification of management's recommendation and selection of auditors.

Blackcrane votes against: proposals to expand the board of directors to control the outcome of a particular decision; adopt super-majority voting requirements rights; and amend the bylaws or act by written consent.

In cases where Blackcrane is aware of a potential conflict between the interests of the Fund(s) and Blackcrane (e.g., a portfolio company is a client or an affiliate of a client of Blackcrane), the Company will vote proxies under the supervision of the Chief Compliance Officer in line with its predetermined voting guidelines where possible. If the proposal or circumstances are not addressed in Blackcrane's predetermined voting guidelines, the Company will abstain from voting. The Fund(s) will only invest in a client's business or a related entity of Blackcrane in a manner that is consistent with its fiduciary duty to the Fund. Blackcrane will provide adequate disclosure to clients in this circumstance.

Portfolio Model-Only Advisory Service

Blackcrane does not vote proxies for the Portfolio Model-Only Advisory Service.

International Managed Account

For the International Managed Account service, Blackcrane will follow instructions from the client regarding the voting of proxies for the separately managed account. In the absence of instructions from the client, Blackcrane will take action it believes is in the best interest of the client in regard to proxy votes.

Global Managed Account

For the Global Managed Account service, Blackcrane will follow instructions from the client regarding the voting of proxies for the separately managed account. In the absence of instructions from the client, Blackcrane will take action it believes is in the best interest of the client in regard to proxy votes.

Investment Company Sub-Advisory Service

Blackcrane does not vote the Mutual Funds' proxies.

Clients can obtain information on how their securities were voted by making a written request to the Chief Compliance Officer. Upon receiving a written request from a client, Blackcrane will provide the information requested by the client within a reasonable amount of time. Clients can also obtain a copy of the Company's detailed proxy voting policies and procedures upon submission of a written request to the Chief Compliance Officer.

ERISA Plan Managed Accounts

Blackcrane, as Investment Manager, has authority and fiduciary duty to prudently manage plan assets in conformity with the Employee Retirement Income Security Act of 1974. ERISA obligates plan fiduciaries to vote proxies and exercise other shareholder rights belonging to such plan assets, except to the extent

that the named fiduciary has reserved to itself the right to direct a plan trustee regarding the voting of proxies.

For ERISA plan investment accounts, Blackcrane will follow instructions from the client regarding the voting of proxies for the separately managed account. In the absence of instructions from the client, Blackcrane will take action it believes is in the best interest of the client in regard to proxy votes.

Clients can obtain information on how their securities were voted by making a written request to the Chief Compliance Officer. Upon receiving a written request from a client, Blackcrane will provide the information requested by the client within a reasonable amount of time. Clients can also obtain a copy of the Company's detailed proxy voting policies and procedures upon submission of a written request to the Chief Compliance Officer.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about its financial condition. Blackcrane has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.