



Nine Ten Capital Management LLC

Part 2A of Form ADV

The Brochure

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March 30, 2020

This Brochure provides information about the qualifications and business practices of Nine Ten Capital Management LLC (“the Adviser”). If you have any questions about the contents of this Brochure, please contact us at (512) 542-1083. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Nine Ten Capital Management LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of the Adviser should be considered carefully in your decision to hire or retain us to provide advisory services. Additional information about the Adviser is available on the SEC’s website at www.adviserinfo.sec.gov.



Item 2 – Material Changes

Nine Ten Management LLC (“Nine Ten” or the “Adviser”) reports no material changes to this Brochure since our last annual update on March 30, 2019.

Form ADV is the primary disclosure document of registered investment advisers. In the future, this section will address only “material changes” to this Brochure since the Adviser’s previous filing. The Adviser will deliver to its clients at no charge a summary of all material changes to this Brochure, if any, within 120 days of its fiscal year end or more often if necessary. Clients or prospective clients of the Adviser may request a copy of the current Brochure at any time by contacting James S. Bradshaw, Chief Compliance Officer, by telephone at (512) 542-1083 or by email at jbradshaw@ninetencapital.com. Additional information about the Adviser is available on the SEC’s website at www.adviserinfo.sec.gov.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ◆ ***An offer or agreement to provide advisory services to any person.***
- ◆ ***An offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by the Adviser (as defined in this disclosure).***
- ◆ ***A complete discussion of the features, risks or conflicts associated with any Fund advised by the Adviser.***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients. The Adviser may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as the Fund’s Private Placement Memorandum, prior to, or in connection with, such persons’ investment in such Funds.

Although this Brochure describes the investment advisory services of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided to you in other disclosures or offering materials.

More complete information about each Fund advised by the Adviser is included in relevant offering materials which may be provided to current and eligible prospective investors only by the Adviser or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials shall be deemed to govern and control.

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Item 4 – Advisory Business

Nine Ten Capital Management LLC (“Nine Ten” or the “Adviser”), formed in March 2014, is a limited liability company located in Austin, Texas with a second location in Illinois and 100% owned and managed by the investment team of Brian T. Bares, James S. Bradshaw, and Russell C. Mollen, (collectively, the “Principals”).

Effective May 21, 2014, the Adviser is an SEC-registered investment adviser. This Brochure has been prepared by the Adviser to describe the advisory services which the Adviser provides, the fees the Adviser charges, and other relevant and material information which will be helpful for clients and prospective clients as they perform their due diligence on Nine Ten. As of December 31, 2019, Nine Ten had \$556,003,853 discretionary regulatory assets under management.

The Adviser provides discretionary investment management services to Nine Ten Partners LP (the “Fund”) through Limited Partner interests. The Fund is exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”). Some Principals, owners, and employees of the Adviser are also principals, owners, and/or employees of Bares Capital Management, Inc. (“Bares Capital”), an affiliated investment adviser which has been registered with the SEC since 2005, providing investment management services to institutional, family office, and other clients.


The Fund

On July 1, 2014, the Adviser launched the Fund with assets converted from Bares Capital’s Micro-Cap Strategy separate accounts. As of the date of this filing, the Micro-Cap Strategy is no longer offered at Bares Capital and legacy separate account owners invested in this strategy have either matriculated to the Fund in a tax neutral transaction or have liquidated their accounts.

The Adviser’s services to the Fund are provided pursuant to an investment management agreement (the “Investment Management Agreement”) with the General Partner of the Fund, which is an affiliate of Nine Ten. In accordance with the terms of the Investment Management Agreement, the General Partner has delegated to the Adviser all of its authority under the Fund’s Limited Partnership Agreement (the “Partnership Agreement”) to manage and operate the Fund and formulate investment policy with full discretion. The Investment Management Agreement requires the Adviser to manage the investments of the Fund, subject to and in accordance with the Fund’s investment objectives and limitations provided in the Partnership Agreement and Private Placement Memorandum (“PPM”).

Advisory Services

The Adviser tailors its advisory services to the specific investment objectives and restrictions of the Fund pursuant to the investment guidelines and restrictions set forth in the Fund’s PPM, Partnership Agreement and other governing documents (collectively, the “Governing Documents”). Information about the Fund and the particular investment objectives, strategies, restrictions and risks associated with an investment in the Fund are described in detail in the Governing Documents, which are made available to investors only through the Adviser and its authorized agents.



Fund investors are comprised of individuals who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “1933 Act”), and/or “qualified purchasers” as defined under Section 2(a)(51) of the Investment Company Act. As such, the Fund is not required to register with the SEC as an investment company in accordance with the exemptions set forth in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act. Investment strategies and guidelines are not tailored to the individualized needs of any particular investor in the Fund. Investments in the Fund involve significant risks and should be regarded as long-term in nature, and therefore should represent only one portion of an investor’s diversified investment portfolio. Please see *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* for more information about the risks associated with an investment.

The Adviser or an affiliate may sponsor one or more additional investment funds or accounts, including additional investment funds that share the same investment strategy as the Fund and which invest in parallel with the Fund, or as a Limited Partner in and through a “master-feeder” structure.

Market Focus of the Fund

The Fund employs a primarily long-only strategy investing in the equity of public micro-capitalization (“micro-cap”) companies. Generally, micro-cap companies are those with market capitalizations in the ninth and tenth deciles of U.S. public companies, as determined by the Center for Research in Securities Prices. The ninth and tenth deciles generally refer to the smallest twenty percent of U.S. public companies ranked by market capitalization. While the Adviser intends to purchase primarily micro-cap companies as defined, the Adviser may hold or add to the Fund’s position in companies whose market capitalizations grow out of the ninth and tenth deciles.

While not part of the Fund’s core investment approach, the Fund may also selectively invest in non-microcap registered and non-registered securities, options and other derivative instruments. Additionally, the Adviser may use its discretion to direct the Fund to participate in direct equity financings in public companies, short sale opportunities, investments outside of the U.S. and investments in parts of a company’s capital structure other than common stock. Relative to investing in securities beyond the jurisdiction of the U.S., the Fund may trade securities on foreign exchanges and utilize brokerage firms registered with non-U.S. regulators.

Fund investors do not receive customized investment management services. With the exception of the investment restrictions articulated in the Fund’s Investment Management Agreement, investors in the Fund are not permitted to impose restrictions on the Adviser’s investment discretion.

Administration and Office Services Agreement

As noted above, some employees of the Adviser are also employees of Bares Capital. The Adviser has entered into an Administration and Office Services Agreement with Bares Capital to govern the Adviser’s compensation to Bares Capital for its share of overhead, as well as research, trading, operational, and administrative services and expenses. Under this Administration and Office Services Agreement, the Adviser compensates Bares Capital for its share of such expenses according to a pre-determined schedule, which is subject to change over time as warranted. The employees of the Adviser devote such time and effort as deemed necessary to fulfill their investment advisory obligations on behalf of Nine Ten. However, many of the employees of the Adviser

continue to engage in services on behalf of Bares Capital, and consequently do not devote full time to Fund business.

Ripley Capital Management, LLC

Ripley Capital Management (“RCM”) is an affiliated investment adviser founded in 2014 by Clayton A. Ripley. RCM is owned by Clayton Ripley (majority owner), Brian T. Bares (minority owner) and James S. Bradshaw (minority owner). RCM provides investment management services using a modern “endowment model” strategy under the trade name Town Lake Capital Management, which is marketed to foundations, endowments, family offices, and high net worth investors. Town Lake Capital Management was formerly part of Bares Capital, but was spun off as a part of RCM, which is a state-registered investment adviser. Bares Capital provides research services to RCM for a flat fee, paid quarterly. As minority owners of RCM, Brian T. Bares and James S. Bradshaw have implemented contractual limitations and other walls designed to limit the potential control of RCM and their knowledge of RCM’s operations.

Please see *Item 10 - Other Financial Industry Activities and Affiliations* for more information about the Adviser’s affiliate relationships.

Item 5 – Fees and Compensation

Capital Accounts

The Fund maintains a book capital account (a “Capital Account”) for each Limited Partner and the General Partner (collectively, the “Partners”) to reflect contributions, withdrawals, distributions and allocations of net profit and net loss. The initial balance of each Partner’s Capital Account is equal to the amount of cash or net value of any property contributed to the Fund by such Partner.

Existing Bares Capital clients have contributed to the new Fund, Nine Ten Partners LP, a pro-rata share of micro-cap securities formerly held in their Bares Capital separate accounts. This in-kind transfer preserves the cost basis of investments transferred into the Fund by Bares Capital taxable clients. Additional capital has been forthcoming to the Fund from new investors as well as the Adviser’s related persons.

Fees and Compensation

For its services to the Fund, the Adviser receives management fees at an annual rate of 1% of each Limited Partner’s Capital Account balance, calculated and paid each calendar quarter in advance (the “Management Fee”). Capital contributions accepted after the commencement of a calendar quarter are subject to a prorated Management Fee. The Adviser may reduce or eliminate the Management Fee with respect to any Limited Partner in its sole discretion.

Performance Fees

In addition to the payment of ongoing Management Fees, the Fund (and indirectly the Limited Partner investors) is also required to pay the General Partner of the Fund, an affiliate of the Adviser, performance fees based upon a percentage of the Fund’s return on invested capital. For additional

details about such performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

Organizational Expenses

The Adviser and its affiliates will bear the expenses of the organization of the Fund and the offering of Limited Partner interests, including legal and accounting fees, printing costs, travel expenses, “blue sky” filing fees and expenses, and related out-of-pocket expenses.

Investment and Operational Expenses

The Fund bears all costs and expenses directly related to its investment program. These fees and expenses may relate to, but not necessarily be limited to:

- ◆ Voting proxies
- ◆ Underwriting and private placements
- ◆ Brokerage commissions
- ◆ Interest on debit balances or borrowings
- ◆ Custody fees
- ◆ Technology-related trading costs
- ◆ Any withholding or transfer taxes imposed upon the Fund
- ◆ Costs of any litigation or investigation involving the Fund’s activities
- ◆ Costs or expenses associated with winding up and liquidating the Fund

The Adviser and its affiliates absorb specific expenses incurred in obtaining, maintaining or implementing systems and research, including information service subscriptions, utilized with respect to the Fund’s investments. These expenses include, without limitation, portfolio management, valuation and accounting services, pricing services, service contracts for quotation equipment and related hardware, software, phone and internet charges.

The Adviser bears all out-of-pocket costs of the administration of the Fund, including accounting, audit and legal expenses, regulatory and compliance-related expenses, and costs associated with reporting and providing information to existing and prospective investors. The Fund does not have its own separate employees or office, and it does not reimburse the General Partner or the Adviser for salaries, office rent and other general overhead costs of the General Partner or Adviser. For further discussion of brokerage fees, commissions and other related transaction costs and expenses, please refer to *Item 12 – Brokerage Practices*.

Timing of Fee Payments

Management Fees for the Fund are paid quarterly in advance. Capital contributions accepted after the commencement of a calendar quarter will be subject to a prorated Management Fee. There would only be a refund of fees if the management services of the Adviser were terminated during the period. If this were to occur the Adviser would return to the Fund the pro rata Management Fee charged in advance that was not earned. Generally all other expenses are paid as they are incurred.

Impact of Valuation on Fees

Pursuant to the Adviser's valuation policy, Fund investments will generally be valued at the market price as reported by the Fund's independent pricing service, and be subject to review by the Adviser. While such investments are not currently anticipated, the Fund is permitted to invest in or hold non-marketable or illiquid securities ("Special Situation Investments"). Special Situation Investments include those securities that are not traded actively, are subject to limited or no price discovery, have no public market value or are otherwise restricted from trading due to contractual or legal constraints. For example, the Fund may initially purchase securities issued by a public company but due to a reorganization, the Fund's initial investment may revert to ownership of restricted or private issue securities. This investment scenario is not uncommon in the micro-cap sector. Micro-cap companies may experience heightened key man risk, cash flow burn and other attributes which may lead to a reorganization of the company's "equity stack". This term refers to the combination of equity and debt securities that may be issued to comprise the equity ownership of a micro-cap company.

The Adviser will value Special Situation Investments for the Fund in accordance with Governing Documents and the Adviser's valuation policy and may determine in certain circumstances, after consultation with the Fund's auditors, that it is appropriate to discount the value of a Special Situation Investment. The estimated fair value of Special Situation Investments will be based on relevant factors including, but not limited to, historical cost, recent add-on transactions, estimated liquidation or sales value, and meaningful third-party transactions in the market.

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

Performance-Based Fees

As noted above in *Item 5 – Fees and Compensation*, the General Partner is entitled to a performance allocation (the "Performance Allocation") at the end of each calendar year which is calculated and charged separately with respect to each Limited Partner. The General Partner receives a percentage of any net profit earned upon the Limited Partners' Capital Accounts achieving an annual rate of return equal to or in excess of a specified threshold, which is articulated in the PPM. Any performance-based compensation will be paid, if applicable, in accordance with Section 205(3) of the Advisers Act and the rules promulgated thereunder, which specify certain qualification thresholds for clients of the Adviser being assessed such a fee.

Any share of profits paid to the General Partner is separate and distinct from the Management Fee charged by the Adviser for advisory services to the Fund. The General Partner may opt to reduce or waive any performance fees with respect to any Limited Partner. Management Fees, performance fees and/or any other compensation payable to the Adviser or the General Partner by the Fund are negotiated with the Fund and its Limited Partners. Investors should carefully review Governing Documents for complete information about fees and compensation. Similar advisory services may be available from other investment advisers for comparable or lower fees.

Mitigating Conflicts of Interest Associated with Performance-Based Fees

The fact that the Adviser's affiliated General Partner is, in part, compensated based on the performance of the Fund creates an incentive for the Adviser to make more speculative investments for the Fund than it would otherwise make in the absence of such performance-based compensation. However, conflicts of interest associated with such performance fees are mitigated by the Partnership Agreement's requirements that: (a) net losses be first allocated to the General Partner if the allocation of the net loss to a Limited Partner would result in a deficit balance in that Limited Partner's Capital Account for the relevant accounting period; and (b) the General Partner maintains a significant capital commitment to the Fund, which serves to more closely align General Partner and Limited Partner interests.

Item 7 – Types of Clients

As noted in *Item 4 – Advisory Business*, the Adviser provides discretionary investment advisory services to the Fund, which is a pooled investment vehicle exempt from registration under the Investment Company Act. Initial and additional subscription minimums are disclosed in the Fund's Governing Documents. The Adviser is authorized waive minimum investment thresholds on a case-by-case basis.

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

Methods of Analysis and Investment Strategies

When selecting investments, the Adviser undertakes a qualitative assessment of target company competitiveness, management capital allocation and execution ability. Quantitative analysis is used to supplement the qualitative assessment when a variance between appraisal and market price has been discerned. The investment approach is also designed to limit the number of portfolio positions in order to concentrate Fund capital in a select number of opportunities. The Adviser currently plans to limit the Fund's aggregate assets under management to allow for optimal performance in this asset class. While the Adviser intends to purchase micro-cap companies, it may hold or add to the Fund's position in companies whose market capitalizations grow out of the ninth and tenth deciles.

The Adviser's approach is to identify value through "bottom-up" research, primary due diligence involving extensive use of consultants, industry contacts, customers, resellers and others who can provide insight into the working of the issuer's business model. The Fund typically invests in companies which the Adviser believes are undiscovered, oversold, misunderstood, forgotten or deeply discounted. Ideally, these companies have reached a strategic pivot point – a new product launch, new management, an acquisition or a recent financing, which may improve the underlying prospects of the business. The Adviser defines value both through traditional metrics such as price in relation to intrinsic value, as well as value relative to the opportunity set and qualitative measures such as competitiveness and management capability.

The Adviser takes a long-term approach to the Fund's investments. In that regard, it is expected to take at least three to five years to realize the expected value of a Fund investment. The Adviser believes that, historically, the ability to withstand short-term volatility for the payoff of long-term results has been rewarded.

Material Investment Risks

The Adviser's investment activities involve substantial risks. There can be no assurance that the Fund's investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly or annual basis. Interests are generally suitable only for sophisticated investors for whom an investment in the Fund does not represent a complete investment program and who, in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment. In addition, there are significant actual and potential conflicts of interest that may arise in connection with the Fund.

Set forth below is a summary of material risks and conflicts of interest associated with the Adviser's investments and investment strategies; however, it is not a complete list of all investment and operating risks and conflicts associated with such investments. Limited Partner investors should review all risks associated with a potential investment and be prepared to bear any loss. If considering an investment in the Fund, an investor should review the detailed discussion of risks set forth in all relevant Governing Documents. The risks outlined below are categorized according to: (a) investment risk factors; (b) tax-related risks; and (c) potential conflicts of interest.

Investment Risk Factors

Investment Judgment; Market Risk. The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk.

Concentration of Holdings. Although the Adviser has adopted informal guidelines on diversification, those guidelines are subject to change by the Adviser. At any given time, it is therefore possible that the Adviser may select positions that are concentrated in a particular market or industry or in a limited number or type of securities. Limited diversity could expose the Fund to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

Implementation Risk. Although NTCM seeks to implement a portfolio management strategy on the basis of sound investment practices, market conditions may not permit the successful implementation of such strategy. For example, the portfolio manager may receive Investment Committee authority to double the size of a particular equity security but be unable to do so because there is no market liquidity to accumulate the shares of the security. Implementation risk is generally caused by factors out of NTCM's control.

Reliance on Key Persons. The Fund will be substantially dependent on the services of the Principals. In the event of the death, disability, departure or insolvency of the Principals, or the complete transfer of the Principals' interest in the Adviser, the business of the Fund may be adversely affected. The Principals devote such time and effort as they deem necessary for the management and administration of the Fund's business. However, the Principals do and may continue to engage in

various other business activities in addition to managing the Fund, and consequently will not devote all time to Fund business.

Increased Regulatory Oversight. The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Fund's and the Adviser's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the Adviser, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Adviser's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, the Adviser's officers will have contact with governmental authorities, and/or be subjected to responding to questionnaires or examinations. The Fund may also be subject to regulatory inquiries concerning its positions and trading. In addition, the Fund may be subject to foreign regulatory authorities, the rules of which cannot be accurately predicted and which may also include inquiries concerning its positions and trading.

Information Technology Systems. The operations of the Fund depend on information technology systems of the Adviser and of third parties, including securities exchanges, market counterparties, broker-dealers, custodians and other service providers. The Adviser relies on such systems to trade, clear and settle securities and other transactions, assess investment opportunities, and monitor and control risks for the Fund and conduct other operational functions. Defects, failures or interruptions of such system could have a material adverse effect on the Fund, including a failure or delay in trade execution or confirmation, inaccuracies in reporting, and inability to monitor the portfolio. Although the Adviser has adopted data protection and recovery policies, there can be no guarantee that such policies will adequately protect against losses in the event of systems' malfunction.

Cybersecurity. Like all systems, NTCM systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, and power outages. Although NTCM implements various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, NTCM may incur time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or incident response plans could cause interruptions in NTCM's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to clients. Such a failure could harm NTCM's reputation or otherwise affect its business and financial performance. To mitigate these risks, NTCM implements a cybersecurity program which endeavors to evolve as cyber threats evolve.

COVID-19 and Pandemics. Occurrences of epidemics or pandemics, depending on their scale, may cause different degrees of damage to national and local economies. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect the returns of the Fund. For example, the continuing spread of COVID-19 (also known as novel coronavirus or coronavirus disease 2019) may have an adverse effect on the value, operating results, and financial condition of some or all of the companies in your portfolio. The progress and outcome of the current COVID-19 outbreak remains uncertain and may result in significant adverse consequences to the global economy

Non-Controlling Investments. The Fund will typically make non-controlling investments and, therefore, may have a limited ability to protect its investments and may be adversely affected by actions taken by the majority equity holders of the portfolio companies in which it invests.

Illiquidity. Certain investments made by the Fund may be very illiquid, and consequently the Fund may not be able to sell such investments at prices that reflect the General Partner's assessment of their value or the amount paid for such investments by the Fund. The Fund will have exposure to small and micro-cap issuers, may invest in restricted or non-publicly traded securities and securities on foreign exchanges and may have a large exposure to a company relative to the company's average trading volume. Such investment positions could prevent the Fund from liquidating unfavorable positions promptly and subject the Fund to substantial losses. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Fund and other factors. Furthermore, the nature of the Fund's investments, especially those in financially distressed companies, may require a long holding period prior to profitability. The Partnership Agreement authorizes the General Partner to make distributions in kind (including interests in affiliated liquidating vehicles) of securities in lieu of or in addition to cash. In the event the General Partner makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Micro-Cap Stocks. The Fund intends to invest a significant portion of its assets in the stocks of companies with small market capitalizations that the Adviser believes have potential for capital appreciation significantly greater than that of the market averages. The companies may have limited product lines, markets or financial resources and may be dependent on a limited management group. Such stocks, particularly micro-cap stocks, involve higher risks than do investments in stocks of larger companies. For example, prices of micro-cap, and even small- and medium-cap, stocks are often more volatile than prices of large-cap stocks and may be subject to more abrupt or erratic market movements than stocks of larger, more established companies because micro-cap securities typically are traded in lower volume and their issuers are typically subject to greater changes in earnings and prospects. The risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may also be higher than for larger, "blue chip" companies. In addition, due to thin trading in some micro-cap stocks, an investment in those stocks may be illiquid.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others.

Short Sales. The Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly.

Under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

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

Non-U.S. Investments. The Fund may invest a portion of its capital outside the United States in non-dollar denominated securities, including in securities issued by non-U.S. companies and the governments of foreign countries and in non-U.S. currency. These investments involve special risks not usually associated with investing in securities of U.S. companies or of U.S. federal, state or local government. Because investments in non-U.S. issuers may involve non-U.S. dollar currencies and because the Fund may temporarily hold funds in bank deposits in such currencies during the completion of its investment program, the Fund may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, because non-U.S. entities are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also generally less regulation of the securities markets in foreign countries than there is in the United States. Some foreign securities markets have a higher potential for price volatility and relative illiquidity compared to the U.S. securities markets. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, capital gain or other income, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could adversely affect the Fund’s investments in those countries.

High Yield, Low or Unrated Securities. The Fund may invest in “high yield” bonds and preferred stock or low or unrated debt securities which are unrated or rated in the lower categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities, and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Investments in Undervalued Assets. The Fund may invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund’s investments may not adequately compensate investors for the business and financial risks assumed. An investor should be aware that it may lose all or part of its investment in the Fund.

The Fund may be forced to sell, at a substantial loss, assets that are not, in fact, undervalued. In addition, the Fund may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund’s assets would be committed to the investments purchased, possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Convertible Instruments. The Fund may invest in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. The Fund may invest in convertible instruments that have varying conversion values. If a convertible instrument held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent that the Adviser determines that such equity investment is consistent with the investment objective of the Fund.

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

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Put and Call Options on Specific Investments. The Fund may purchase exchange-listed and over-the-counter put and call options on specific investments. In addition, the Fund may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Fund may be wholly or partially covered (meaning that the Fund holds an offsetting position) or uncovered. Options on specific investments may be used by the Fund to seek enhanced profits with respect to a particular security. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Fund without requiring a sale of the investments.

Use of put and call options may result in losses to the Fund, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Fund can realize on its investments or cause the Fund to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Fund. The use of uncovered option writing techniques may entail greater risks of potential loss to the Fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Fund realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Initial Public Offerings. The Fund may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as

developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.


Index Contracts. The Fund may, but is not required to, utilize various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “*index contracts*”).

Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Adviser’s views as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the Fund’s portfolio creates the possibility that losses in the value of such portfolio may be greater than the gain on the hedging instrument (or that a gain in the Fund’s portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, the Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds (“*ETFs*”) and other similar instruments may be purchased or sold short by the Fund. An ETF is an investment company that is registered under the Investment Company Act that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called “creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Fund may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, are not registered as investment companies under the Investment Company Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Fund’s investment in these instruments will involve certain indirect costs, as well as transaction costs, such



as brokerage commissions. The Adviser considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Costs Associated with ETF Investments. Investment managers of mutual funds and ETFs selected by the Adviser will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Fund invests are in addition to the Management Fee and the Performance Allocation and will reduce the Fund's assets accordingly.

Turnover. The Fund may invest on the basis of short-term market considerations. The portfolio turnover rate of the Fund may be significant, potentially involving substantial brokerage commissions and fees.

Investment Authority. Substantially all decisions with respect to the management of the Fund are made by the General Partner and the Adviser. Limited Partners have no right or power to take part in the management of the Fund. In the event of the withdrawal or bankruptcy of the General Partner, generally the Fund will be liquidated.

Withdrawal and Transfer Restrictions. Withdrawals may be suspend in accordance with the terms of the Partnership Agreement. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

No Distributions. Since the Fund does not generally intend to pay distributions, an investment in the Fund is not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Fund, even though no cash is distributed by the Fund.

In-Kind Distributions. The Fund may make distributions in-kind of securities (including interests in affiliated liquidating vehicles) in lieu of or in addition to cash. In the event the Fund makes distributions of securities in-kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

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

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

Non-Public Information. From time to time, the Adviser may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit the Adviser's flexibility to buy or sell portfolio securities issued by such companies. The Fund's investment flexibility may be constrained as a consequence of the Adviser's inability to use such information for investment purposes.

Information Sources. The Adviser may select investments based in part on information and data that is internally generated by or from other third-party sources. The Adviser is not always in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Absence of Registration. The Fund has not and will not register under the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund's board of directors, including a majority of disinterested directors, approve certain of the fund's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable.

A more complete discussion of investment risk factors related to the acquisition of Fund interests is available in the Governing Documents.

Tax-Related Risks

Taxation. The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "Service") or other applicable taxing authority, a Limited Partner might be found to have a different tax liability for that year than that reported on that Limited Partner's federal income tax return.

Uncertainty and Complexity of Tax Treatment. The tax aspects of an investment in a partnership are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors will thus be subject to the risk caused by the uncertainty of the tax consequences with respect to an investment in the Fund. Each prospective investor should have the tax aspects of an investment in the Fund reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Tax Considerations*" and "*ERISA And Other Regulatory Considerations*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests and to consult their own independent tax advisors.

Risk of Adverse Determination. There can be no assurance that the conclusions set forth in this Memorandum will not be challenged successfully by the Service, or significantly modified by new legislation, changes in the Service's positions or court decisions. The Fund has not applied for, nor does it expect to apply for, any advance rulings from the Service with respect to any of the federal income tax consequences described in this Memorandum. No representation or warranty of any

kind is made by the General Partner with respect to the federal income tax consequences relating to an investment in the Fund.

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

Tax Considerations Taken into Account. The General Partner may take tax considerations into account in determining when the Fund's investments should be sold or otherwise disposed of, and may assume certain market risk and incur certain expenses in this regard to achieve favorable tax treatment of a transaction.

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

Delayed Schedules K-1. The Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Fund may be unable to provide final Schedules K-1 to Limited Partners for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedules K-1 may not be available until completion of the Fund's annual audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

Unrelated Business Taxable Income. The Fund may make investments or engage in activities that will give rise to unrelated business taxable income ("UBTI"). Thus, an investment in the Fund may be less desirable for tax-exempt investors. The Fund may participate in investments that give rise to UBTI through entities that are treated as partnerships for U.S. federal income tax purposes. Because of the "flow-through" principles applicable to partnerships, if UBTI is earned by the Fund, a tax-exempt investor in the Fund will realize UBTI. Because of the General Partner's objective of maximizing the pre-tax returns of all the Limited Partners, the General Partner may be required to make certain decisions to maximize pre-tax returns that result in Tax-Exempt U.S. Investors (as

defined below) recognizing more UBTI than might otherwise be the case. In some cases, the General Partner may forego actions with regard to the acquisition, financing, management and disposition of assets that would reduce UBTI because such actions would reduce the overall pre-tax returns to all the Limited Partners.

Tax Changes. Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in the Fund. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Fund. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Fund, in which event any benefits derived from an investment in the Fund may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Fund and/or the Limited Partners. Enactment of such legislation, or similar legislation, could require significant restructuring of the Fund in order to mitigate such effects.

A more complete discussion of the tax risks inherent in the acquisition of Fund interests is available in the Governing Documents.

Potential Conflicts of Interest

Bares Capital Management, Inc. Two of the Principals are also senior employees of Bares Capital, a registered investment adviser, and expect to continue such employment during their service for the Adviser. Together Mr. Bares and Mr. Bradshaw own 75% of the equity interests in Bares Capital.

Certain, but not all, team members of the Adviser and Bares Capital share office space, support staff, and other resources. The Fund does not have its own separate employees or office, and it does not reimburse the General Partner or Adviser for salaries, office rent and other general overhead costs of the General Partner or Adviser.

The Adviser and Bares Capital share certain clients. Additionally, because two of the Principals are senior employees of Bares Capital, the two advisers currently have, and are expected to continue to have, similar investment strategies. While the Principals do not expect the clients of the Adviser and Bares Capital to compete for investments, situations may arise in which investment opportunities are limited. In such cases, the actions of the General Partner and the Adviser are governed by the principles set forth in the PPM, compliance policies and procedures, and/or as otherwise required by law.

Ripley Capital Management, LLC ("RCM"). Two of the Adviser's Principals are also minority owners of RCM, a state-registered investment adviser. The Adviser and RCM do not share office space, nor do they share employees. The Adviser and RCM do not share clients, nor does the Adviser have any knowledge of RCM's operations or investment activity. The Principals do not expect to dedicate any meaningful time to the business of RCM, nor are they involved in the daily operations of RCM.

Non-Exclusivity; Other Activities. The Adviser may manage other client accounts, some of which may have objectives similar to those of the Fund, including other collective investment vehicles which may be managed by the Adviser or any of its affiliates and in which the Adviser or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the General Partner, and the Adviser as a delegate of the General Partner pursuant to the Investment Management Agreement, act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund or any restrictions on the nature or timing of investments for the account of the Fund and for the Adviser's own account or for other accounts that the Adviser or its affiliates may manage. The Adviser is not obligated to devote any specific amount of time to the affairs of the Fund, and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

A more complete discussion of the potential conflicts of interest associated with the acquisition of Fund interests is available in the Governing Documents.

Item 9 – Disciplinary Information

Registered investment advisers must disclose facts about any legal or disciplinary events that would be material to a client's evaluation of the adviser's business or the integrity of the adviser's management. The Adviser has no legal or disciplinary events of any kind to report.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Adviser nor its management persons is registered as, and does not have an application pending as, a securities broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor.

As noted throughout this Brochure, the Adviser and its advisory affiliates or related persons are, directly or indirectly, managing members of the General Partner of the Fund. The General Partner, in its sole discretion, is permitted to enter into a side letter or similar agreement with one or more Limited Partners that has the effect of establishing rights under, or altering or supplementing the terms of, certain Governing Documents (including those relating to the Management Fee, Performance Allocation, transparency and withdrawals) with respect to such Limited Partner. Under no such arrangement will the Adviser abrogate its fiduciary duty to disclose and responsibly manage all known current and emergent conflicts of interest.

As noted above in *Item 4 – Advisory Business*, some employees, Principals and owners of the Adviser are also employees, principals and/or owners of Bares Capital Management, Inc. ("Bares Capital"), an affiliated investment adviser which has been registered with the SEC since 2005. Bares Capital was founded in 2000 by Brian T. Bares and is entirely owned by its Principals, of which Brian T. Bares is the majority owner. Bares Capital provides investment management services predominantly to institutional and family office clients through separate account vehicles. Additional information about Bares Capital is available on the SEC's website at

www.adviserinfo.sec.gov (CRD number 114428). Although this affiliation presents a conflict of interest, Nine Ten Principals and employees employ the necessary resources and devote such time and effort as they deem necessary for the management and administration of Nine Ten's business and to fulfill its fiduciary duty.

As noted above in *Item 4 – Advisory Business*, two of the Principals of the Adviser are minority owners of Ripley Capital Management, LLC (“RCM”), an affiliated state-registered investment adviser which has been registered since late December, 2014. RCM provides investment management services using a modern "endowment model" strategy under the trade name Town Lake Capital Management, which is marketed to foundations, endowments, family offices, and high net worth investors. Nine Ten Principals are not involved in the day-to-day operations of RCM. Additional information about RCM is available on the SEC’s website at www.adviserinfo.sec.gov (CRD number 173919).

Item 11 – Code of Ethics

Code of Ethics and Fiduciary Duty

The Adviser has adopted a code of ethics (“Code of Ethics”) that sets forth standards of conduct that are expected of the Adviser’s employees and addresses conflicts that may arise from personal trading conducted by the Adviser’s “access persons,” as that term is defined in Rule 204A-1 under the Advisers Act. The Code of Ethics defines the expectation and requirement of professional and ethical conduct by all employees in accordance with the Adviser’s fiduciary duty.

The Code of Ethics contains policies and procedures relating to: (a) standards of conduct including outside business activities; (b) personal trading; (c) insider trading prevention; and (d) gifts and entertainment. Employees must affirmatively agree to abide by the terms of the Code of Ethics. Employees who fail to honor the Code of Ethics will be in violation of SEC Rule 204A-1 and subject to disciplinary sanctions which may include termination from the Adviser’s employ.

Standards of Conduct

The Adviser’s standards of conduct are designed to ensure that its clients, investors, employees and the Adviser itself are protected from unethical and unprofessional conduct. The Adviser has policies to, among other things:

- ◆ Govern outside business activities of employees
- ◆ Govern employee service as an officer, director, or partner in any other entity
- ◆ Monitor employee ownership interests in any non-publicly traded company or other private investments
- ◆ Protect confidential information
- ◆ Facilitate compliance with federal and state securities statutes

Personal Trading



Employees are permitted to have personal securities accounts as long as personal investing practices are consistent with fiduciary standards and regulatory requirements, and do not conflict with their duty to the Adviser and its clients. The Adviser monitors and controls personal trading through:

- ◆ Pre-approval of all personal securities transactions
- ◆ Blackout periods imposed upon employees trading in the same securities as the Adviser
- ◆ Receipt and review of personal securities holdings and transactions reports

Insider Trading Prevention

The Adviser prohibits all employees from illegally acting on, misusing or disclosing any material nonpublic information, also known as “inside information”.

The Adviser monitors risks associated with inside information by:

- ◆ Providing periodic employee education and training
- ◆ Authorizing and monitoring employee service on boards of public companies
- ◆ Monitoring and restricting personal trading of employees and certain household members
- ◆ Maintaining a compliance program to monitor employee activity and control information

Gifts and Entertainment

As a fiduciary, the Adviser strives to place client interests first and foremost. The Adviser’s compliance policies and procedures are designed to ensure that the fiduciary standard of care is evident in all interactions with and on behalf of clients. The Adviser’s compliance policies implement internal controls which address a number of business practices including gifts and entertainment. These controls include, among others:


- ◆ Requiring employees to report gifts and entertainment above certain thresholds
- ◆ Limiting the dollar value of gifts
- ◆ Monitoring entertainment activities

Participation or Interest in Client Transactions

Through the limited partnership structure, the Adviser’s General Partner affiliates have indirect beneficial interests in the securities owned by the Fund and will share in any profits and losses generated by Fund investments. Furthermore, employees and related persons of the Adviser may purchase interests in the Fund through General Partner or Limited Partner interests.

The Adviser will always endeavor to act in the best interests of the Fund; however, clients should be aware that the Adviser’s and General Partner’s receipt of compensation from the Fund creates a potential conflict of interest with respect to such transactions. These and other operating relationships have the potential for creating conflicts of interest.

Employees of the Adviser are permitted to, within their personal trading accounts, invest in the same securities for which the Adviser transacts in the Fund. The Adviser maintains policies and procedures designed to mitigate these potential conflicts, which include pre-approval of personal securities transactions by the Chief Compliance Officer, and the use of blackout periods to ensure that employee interests within personal trading accounts are never placed ahead of the interest of clients and investors. Furthermore, employees are not permitted to buy securities from or sell



securities to the Fund. Employee transactions are reviewed continuously by the Chief Compliance Officer for congruence with these policies.

The Adviser will provide its Code of Ethics to any current or prospective client upon request. To obtain a copy, please contact James S. Bradshaw, Chief Compliance Officer, at (512) 542-1083 or jbradshaw@ninetencapital.com.

Item 12 – Brokerage Practices

Broker Selection and Best Execution

The Adviser has a duty to obtain "best execution" for securities transactions. To fulfill this obligation, the Adviser generally must execute securities transactions in such a manner that the total cost or proceeds in each transaction are the most favorable under the circumstances. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution at the time of transaction execution.

The Adviser often executes trades using Electronic Communications Networks ("ECNs") and dark pools to seek best execution. These trading outlets allow the Adviser to buy large blocks of securities that are generally not available in the open market on a daily basis, accumulate or dispose of large security positions in the open market, obtain competitive commission arrangements, and achieve anonymity while trading. These are particularly valuable attributes of trade management when dealing in relatively illiquid micro-cap securities.

When utilizing ECNs, dark pools and prime brokers, the Adviser will evaluate a wide range of factors in seeking best execution. Such factors include, but are not limited to, implicit trading costs, access to securities with limited liquidity, software functionality and flexibility, efficiency of execution, financial strength and stability, and the Adviser's prior experience in working with such networks, systems, and broker-dealers. Under such circumstances, the Adviser deems "best execution" to be not necessarily the best price, although in some situations it is, but rather a confluence of factors that allow the Adviser to seek the best means of transacting business on behalf of the Fund.

To obtain best execution, the Adviser will often trade away from the custodian holding Fund assets. The Adviser may not always have discretion over the costs and fees charged by the Fund's custodian, and therefore charges may be incurred when the Adviser buys securities from other broker-dealers and delivers such securities to the Fund's custodian. In these circumstances, the Fund will pay the related costs and fees charged by the custodian thereby potentially resulting in higher transaction costs and fees to the Fund.

Allocation of Investment Opportunities

Situations do arise in which investment opportunities are suitable for both Nine Ten Micro-Cap and Bares Capital Small-Cap strategies. Nine Ten Capital separately maintains written "Guidelines for

Allocation of Investment Opportunities” to fairly allocate investment opportunities that fit the investment parameters of multiple strategies. Any exceptions to trade allocation procedures must be documented and approved by the Chief Compliance Officer, who will ensure that Nine Ten meets its fiduciary duty to all clients

As a rule, Bares Capital and Nine Ten Capital investment strategies are not buying, selling, or holding the same security at the same time. However, one strategy may sell out of a security and remove the name from its Focus List, at which time another strategy may add the security to its Focus List and subsequently acquire the security. NTCM follows separately maintained written “Guidelines for Allocation of Investment Opportunities” to govern the allocation of investment opportunities across strategies. The Chief Compliance Officer assists in the implementation of these guidelines to ensure that NTCM meets its fiduciary duty to all clients.

Soft Dollars

Because certain brokers pay NTCM’s exchange fees and FIX line fees, NTCM is deemed to receive soft dollar benefits from these brokers. The SEC has defined soft dollar benefits as “arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer.”


The Adviser uses soft dollars in full compliance with the Section 28(e) safe harbor and only when it has determined in good faith that they are warranted in meeting its fiduciary duty. The Adviser maintains a list of approved broker-dealers who provide trade execution and other services. The Adviser executes trades with these firms in line with its obligation to seek best execution for portfolio transactions. The Adviser will not agree to any arrangements, oral or written, obligating the firm to generate a specific amount of brokerage commissions. In some cases, NTCM uses brokers that provide useful research and other services even though a lower commission may be charged by another broker who does not offer research services. Currently the large majority of the Adviser’s trading is conducted via brokers that do not offer research.

Examples of eligible soft dollar research and services include, but are not limited to:

- ◆ Investment research reports
- ◆ Access to research analysts
- ◆ Execution systems and trading analytics
- ◆ Economic research such as publications, chart services and economic advice
- ◆ Conference attendance

It is possible that the Adviser’s soft dollar payments benefit the clients of its affiliates Bares Capital and Ripley Capital Management, LLC to the extent that research secured through soft dollars is relevant to securities across the equity capitalization spectrum, such as those more commonly purchased by its affiliates.

The Adviser has adopted strict compliance policies to ensure that our use of soft dollars is consistent with our duty to obtain the best available execution and that research and other services represent fair and measurable value for our clients. Research and other services are obtained from brokers that



we believe add value to a broad range of accounts, although perhaps not useful to every account in every case. The Adviser may use brokers that provide useful research and other services even though a lower commission may be charged by another broker who does not offer research services.

The Adviser's use of soft dollar commissions represents a conflict of interest because we would otherwise pay for exchange fees and FIX line expenses out of pocket with fee revenues rather than with client commissions. To minimize this conflict of interest, the Chief Compliance Officer regularly reviews commission rates to affirm their reasonableness. We do not execute securities transactions as a principal, so no soft dollars are paid in conjunction with principal transactions.

Trade Errors

From time to time, the Adviser may make an error when executing a trade on behalf of the Fund. Errors may include, but are not limited to, the purchase/sale of the incorrect number of shares, or the purchase/sale of an unintended security. The Adviser will endeavor to place client interests first and foremost in the timely identification and correction of trade errors. Generally speaking if a trade error results in a gain for the Fund the gain will remain in the portfolio unless a legal reason prohibits such action. If a trade error results in a loss for the Fund, the Adviser will compensate the Fund for the amount lost.

Item 13 – Review of Accounts

Review of Fund Portfolio

Co-owners of the Adviser and investment team members Brian T. Bares, James S. Bradshaw, and Russell C. Mollen are responsible to actively monitor and review the Fund's investment portfolio on a continuing basis. Investments are reviewed daily in light of the Fund's stated investment objectives and guidelines as set forth in applicable Governing Documents.

Reports to Investors

The Fund's auditor prepares the Fund's annual income tax return and annual audited financial statements in accordance with U.S. generally accepted accounting principles (including a balance sheet and the related statements of income). Fund investors receive these annual audited financial statements within 120 days after the Fund's fiscal year end. Fund investors also receive written information with respect to such person's interest in the profits, losses, tax credits, deductions, tax preference items and investment credits, if any, as such person shall require for federal income tax purposes.

The Fund also furnishes unaudited quarterly reports reviewing the Fund's performance for such calendar quarter. The General Partner will select the Fund's independent accountants in its sole discretion, in accordance with requirements set forth under SEC Custody Rule 206(4)-2.

Item 14 – Client Referrals and Other Compensation

The Adviser and its affiliates do not directly or indirectly compensate any third party for client referrals. The Adviser does not receive an economic benefit from anyone who is not a client for providing investment advice or other advisory services to clients. Please refer to *Item 4 – Advisory Business* for more information about the Operating Services Agreement between the Adviser and Bares Capital and refer also to *Item 10 - Other Financial Industry Activities and Affiliations* for more information about the Adviser's affiliates.

Item 15 – Custody

Custody occurs when the Adviser or its related person(s) directly or indirectly holds client funds or securities, or has the ability to gain possession of them. All Fund securities and cash assets are held with a qualified custodian that is unaffiliated with the Adviser. Nonetheless, the Adviser is deemed to have custody of the assets of the Fund within the meaning of the Advisers Act due to its affiliation with the General Partner of the Fund. The Adviser maintains policies and procedures to comply with the requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

The Fund is a privately offered limited partnership and is subject to an annual audit by a Public Company Accounting Oversight Board ("PCAOB") registered and inspected independent accounting firm in accordance with the Custody Rule. The audited financial statements of the Fund are prepared in accordance with generally accepted accounting principles and distributed to Fund investors within 120 days of the Fund's fiscal year end. Investors should review these audited financial statements carefully.


Upon the final liquidation of the Fund, the Adviser is obligated to obtain a final audit and distribute audited financial statements prepared in accordance with generally accepted accounting principles to all investors promptly after completion of the audit.

Item 16 – Investment Discretion

As discussed above in *Item 4 – Advisory Business*, the Adviser provides investment advisory services to the Fund on a discretionary basis, and is subject to the overall supervision of the General Partner of the Fund. Fund investors do not receive customized investment advisory services. With the exception of the investment restrictions articulated in the Fund's Investment Management Agreement, investors in the Fund are not permitted to impose restrictions on the Adviser's investment discretion. The Partnership Agreement and Investment Management Agreement set forth the parties' responsibilities and any other investment restrictions. Unless otherwise instructed or directed, the Adviser is generally expected to retain the authority to determine: (a) the securities to be purchased and sold for the Fund and the timing of these transactions; and (b) the amount and price of securities to be purchased or sold for the Fund.

Item 17 – Voting Client Securities

In order to maximize shareholder value, the Adviser will assume proxy voting authority on behalf of the Fund. In accordance with Advisers Act requirements, the Adviser has adopted written proxy policies to govern portfolio investments. Proxy policies seek to ensure that the Adviser votes proxies



(or similar instruments) in the best interest of the Fund, including when there may be material conflicts of interest attendant to voting such proxies.

All proxies are voted by the Adviser's Research Analysts. The objective in such voting is to support proposals and director nominees that maximize the value of Fund investments over the long term. Each proposal is evaluated on its merits, based on the particular facts and circumstances as presented and in consideration of: (a) the degree of insider ownership of company shares; (b) the structure and level of compensation for corporate executives and the board; (c) the actual and perceived conflicts of interest for the executives and the board; (d) the financial and operating performance of the company and its stock; (e) the quality, diversity or independence of the board; and (f) other corporate governance issues.

Should a conflict of interest exist between the Adviser and the Fund as to the outcome of certain proxy votes, the Adviser is committed to resolving the conflict in the best interest of the Fund before it votes the proxy in question. The Adviser has the option to take the following courses of action to resolve the conflict: (a) disclose the conflict to Fund investors and obtain consent before voting; and/or (b) engage a disinterested, qualified third party to determine how the proxy should be voted. The Adviser's Chief Compliance Officer is responsible to ensure that all proxies are voted in a timely manner in accordance with proxy policies, that any conflicts of interest are resolved in the best interests of the Fund, and that proxy voting records are retained accordingly.

Fund investors do not have the authority to direct or control the Adviser's proxy votes. If you are a Fund investor and would like to obtain a copy of the Adviser's proxy voting policies or additional information about how proxies have been voted with regard to Fund securities, please contact James S. Bradshaw, Chief Compliance Officer, at (512) 542-1083.

Item 18 – Financial Information

The Adviser and its affiliate entities have no financial obligation that impairs their capacity to meet contractual and fiduciary commitments to the Fund, nor have the Adviser and its affiliate entities been the subject of a bankruptcy proceeding. A balance sheet is not required to be provided because the Adviser does not serve as a custodian for client funds or securities, other than as described above, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.



Nine Ten Capital Management LLC

Part 2B of Form ADV

Brochure Supplements

12600 Hill Country Blvd
Suite R-230
Austin, TX 78738

www.ninetencapital.com
(512) 542-1083

March 30, 2020

Brochure Supplements provide information about certain advisory personnel of Nine Ten Capital Management LLC (“the Adviser”). This information supplements the Adviser’s Brochure. Please contact James S. Bradshaw, Chief Compliance Officer, at (512) 542-1083 if you did not receive the Brochure or if you have any questions about the contents of these Supplements.

Brian T. Bares, CFA
President
Nine Ten Capital Management LLC
12600 Hill Country Blvd
Suite R-230
Austin, TX 78738
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bbares@ninetencapital.com

This Brochure Supplement provides information about Brian T. Bares that supplements the Nine Ten Capital Management LLC Brochure. You should have received a copy of that Brochure. Please contact James S. Bradshaw at (512) 542-1083 if you did not receive the Brochure or if you have any questions about the contents of this Supplement. Additional information about Nine Ten Capital Management LLC and Brian Bares is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth -- 1973
- ◆ University of Nebraska -- B.S. Mathematics, 1995
- ◆ Bares Capital Management, Inc., President -- 2000 to 2018
- ◆ Nine Ten Capital Management LLC, President -- 2014 to Present

Mr. Bares holds the Chartered Financial Analyst ("CFA") designation. The CFA designation is issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment-related). To receive the CFA designation, candidates must complete the CFA Program which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the CFA is available at www.cfainstitute.org.

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Bares.

Other Business Activities

Mr. Bares is a director at Rave Restaurant Group. He is also currently a member of the University of Texas MBA Investment Fund Advisory Committee. Mr. Bares is the Chairman and President of the Bares Family Foundation since 2013. Mr. Bares became a minority owner of Ripley Capital Management, LLC, an affiliated investment adviser, in late 2014. Mr. Bares does not have any involvement in the day-to-day operations of Ripley Capital Management, LLC. Mr. Bares is the author of the book *The Small-Cap Advantage* (Wiley 2011).



Additional Compensation

Mr. Bares is compensated by Bares Capital Management, Inc., an affiliate of the Adviser. Mr. Bares is entitled to share in the profits of Bares Capital Management, Inc., Nine Ten Capital Management LLC and Ripley Capital Management, LLC, an affiliate of the Adviser.

Supervision

James S. Bradshaw, Chief Compliance Officer, oversees Mr. Bares' compliance with the Adviser's compliance program. Mr. Bradshaw reviews Mr. Bares' work through frequent office interactions and may be contacted at (512) 542-1083 or by email at jbradshaw@ninetencapital.com.

James S. Bradshaw, CFA
Chief Operating Officer and Chief Compliance Officer
Nine Ten Capital Management LLC
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Suite R-230
Austin, TX 78738
(512) 542-1083
jbradshaw@ninetencapital.com

This Brochure Supplement provides information about James S. Bradshaw that supplements the Nine Ten Capital Management LLC Brochure. You should have received a copy of that Brochure. Please contact James S. Bradshaw at (512) 542-1083 if you did not receive the Brochure or if you have any questions about the contents of this Supplement. Additional information about Nine Ten Capital Management LLC and James Bradshaw is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth -- 1972
- ◆ University of Alabama -- B.S. Finance, 1994
- ◆ Bares Capital Management, Inc., Research Analyst -- 2001 to Present; Chief Compliance Officer -- 2002 to Present; Chief Operating Officer -- 2014 to Present
- ◆ Nine Ten Capital Management LLC, Chief Operating Officer and Chief Compliance Officer -- 2014 to Present

Mr. Bradshaw holds the Chartered Financial Analyst ("CFA") designation. The CFA designation is issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment-related). To receive the CFA designation, candidates must complete the CFA Program which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the CFA is available at www.cfainstitute.org.

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Bradshaw.

Other Business Activities

Mr. Bradshaw became a minority owner of Ripley Capital Management, LLC, an affiliated investment adviser, in late 2014. Mr. Bradshaw does not have any involvement in the day-to-day operations of Ripley Capital Management, LLC.



Additional Compensation

Mr. Bradshaw is compensated by Bares Capital Management, Inc., an affiliate of the Adviser. Mr. Bradshaw is entitled to share in the profits of Bares Capital Management, Inc., Nine Ten Capital Management LLC and Ripley Capital Management, LLC, an affiliate of the Adviser.

Supervision

Mr. Bradshaw is supervised by Brian T. Bares, President. Mr. Bares reviews Mr. Bradshaw's work through frequent office interactions and may be contacted at (512) 542-1083 or by email at bbares@ninetencapital.com.

Russell C. Mollen, CFA
Analyst and Portfolio Manager
Nine Ten Capital Management LLC
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(512) 542-1083
rmollen@ninetencapital.com

This Brochure Supplement provides information about Russell C. Mollen that supplements the Nine Ten Capital Management LLC Brochure. You should have received a copy of that Brochure. Please contact James S. Bradshaw at (512) 542-1083 if you did not receive the Brochure or if you have any questions about the contents of this Supplement. Additional information about Nine Ten Capital Management LLC and Russell Mollen is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth -- 1982
- ◆ University of Texas -- B.B.A. Finance, 2005
- ◆ University of Texas Investment Management Company (UTIMCO), Analyst -- 2005 to 2007
- ◆ Hotchkis & Wiley Capital Management, Research Associate -- 2007 to 2010
- ◆ Bares Capital Management, Inc., Research Analyst -- 2010 to 2019
- ◆ Nine Ten Capital Management LLC, Analyst and Portfolio Manager -- 2014 to Present

Mr. Mollen holds the Chartered Financial Analyst ("CFA") designation. The CFA designation is issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment-related). To receive the CFA designation, candidates must complete the CFA Program which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the CFA is available at www.cfainstitute.org.

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Mollen.

Other Business Activities

Mr. Mollen is not engaged in any investment-related business outside of his role with the Adviser and its affiliated entities.



Additional Compensation

Mr. Mollen is entitled to share in the profits of Nine Ten Capital Management LLC.

Supervision

James S. Bradshaw, Chief Compliance Officer, oversees Mr. Mollen's compliance with the Adviser's compliance program. Mr. Mollen is supervised by Brian T. Bares, President.. These Principals review Mr. Mollen's work through frequent office interactions. Mr. Bares' may be contacted at (512) 542-1083 or bbares@ninetencapital.com, while Mr. Bradshaw may be contacted at (512) 542-1083 or jbradshaw@ninetencapital.com.