

**Clearfield Capital Management LP**

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This brochure provides information about the qualifications and business practices of Clearfield Capital Management LP. If you have any questions about the contents of this brochure, please contact Clearfield Capital Management LP's Chief Compliance Officer, John Murray, at (212) 468-5401 or by email at [murray@clearfieldcap.com](mailto:murray@clearfieldcap.com).

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

Any reference to Clearfield Capital Management LP as a "registered investment adviser" or as being "registered" does not imply a certain level of skill or training.

**Item 2 - Material Changes**

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There have been no material changes since the previous filing on March 29, 2019.

**Item 3 - Table of Contents**

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**Item 4 - Advisory Business**

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Clearfield Capital Management LP ("**Clearfield**" or the "**Firm**") is a Delaware limited partnership that was formed on September 22, 2014. Clearfield is controlled by its principal owner, Philip Hilal (the "**Principal Owner**"), who acts as the managing member of Clearfield's general partner, Clearfield Capital Management GP LLC, a Delaware limited liability company (the "**Investment Adviser General Partner**"). Clearfield provides investment advisory services to private funds (each a "**Fund**" and collectively, the "**Funds**") and may in the future advise separately managed accounts (the "**Managed Accounts**"). Unless stated otherwise, the Funds are collectively referred to herein as the "**Clients**." The general partner for Clearfield Domestic Fund LP, Clearfield Intermediate Fund LP and Clearfield Master Fund LP is Clearfield Capital GP LLC (the "**General Partner**"), a Delaware Limited Liability Company formed on January 16, 2015. The General Partner has ultimate responsibility for the management, operations and investment decisions of the Funds.

Clearfield provides investment management services to its Clients pursuant to investment guidelines within the relevant organizational documents, limited partnership agreement, investment management agreement, offering memorandum and/or subscription agreements, as the case may be (each an "**Offering Document**", and collectively, the "**Offering Documents**"). Clearfield does not tailor its services to the individual Fund investors or provide investors with the right to specify, restrict, or influence the Funds' investment objectives or any investment or trading decisions.

Clearfield seeks to accomplish its Clients' investment objectives through disciplined, research-intensive investment and risk-management processes focusing primarily on public equity (including "new issues") and equity-linked securities (e.g., common and preferred stock, options, warrants and other derivatives), which the Firm believes are priced below their intrinsic value, and debt from time to time. Clearfield does not provide investment advisory services with respect to a limited range of investments.

Clearfield does not participate in wrap fee programs.

As of December 31, 2019, Clearfield's regulatory assets under management were \$452,377,954, all managed on a discretionary basis.

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**Item 5 - Fees and Compensation**

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Clearfield or its affiliates receive a management fee and performance-based compensation from Clients. Such compensation arrangements are set forth in the relevant Offering Document with each Client.

The management fees paid by the Funds are generally equal to an annual rate of 1.25% - 1.75%, based on the respective values of the net assets of each particular share class. The Firm or its affiliates may reduce, waive or calculate differently the management fee for certain investors or Clients, including members, employees and affiliates of the Firm.

Clearfield expects that certain Funds will be responsible for investment-related expenses (including brokerage (see Item 12 below)), as well as for their organizational and offering expenses.

To the extent that Clearfield allocates Clients' capital to money market funds or exchange-traded funds, Clients will indirectly incur similar fees and expenses as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

**Item 6 - Performance Fees and Side-by-Side Management**

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Clearfield or its affiliates receive performance-based compensation from Clients, generally equal to 10% - 20% of the net profits, depending on the net asset value of each particular share class of each Client. Additional information regarding such compensation arrangements are set forth in the relevant Offering Document with each Client. The Firm or its affiliates may reduce, waive or calculate differently the performance-based compensation for certain investors or Clients, including members, employees and affiliates of the Firm.

The terms of the performance-based compensation may differ among the Clients. This may result in a conflict of interest when allocating opportunities among Clients, as Clearfield may have an incentive to favor Clients that have higher performance-based compensation. To avoid such a conflict of interest, Clearfield has developed documented procedures for allocating opportunities among Clients in a fair and equitable manner.

As management fees and performance-based compensation are based directly on Clients' net asset values, Clearfield may have a conflict of interest in valuing the assets held in Client accounts. Clearfield follows documented valuation policies and consults with each Client's third-party administrator, as applicable, in order to mitigate this risk.

**Item 7 - Types of Clients**

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Clearfield provides investment advice to private funds.

**Item 8 - Methods of Analysis, Investment Strategies, Risk of Loss**

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***Investment Strategy***

Clearfield seeks to accomplish its Clients' investment objectives with a concentrated, fundamental, value-oriented long/short and event-driven strategy. Clearfield employs disciplined and research-intensive investment and risk-management processes focusing primarily on corporate securities whose prices diverge materially from Clearfield's assessment of long-term intrinsic value, often with price-correcting catalysts that can be identified or created. Clearfield believes that intrinsic value is generally determined by the level and use of long-term discretionary free cash flows and realizable asset values.

Clearfield believes that long and short investments that meet its Clients' investment criteria are often found in situations involving complexity (which can obscure intrinsic value) and change (which can alter or unlock intrinsic value). Clearfield seeks to develop differentiated investment conclusions in such situations by gathering extensive data and conducting in-depth analysis.

Clearfield will cause its Clients to invest primarily in developed markets, but will also opportunistically invest in other geographies.

**Method of Analysis**

*Fundamental Analysis* – Clearfield's investment process utilizes a "bottom-up" stock selection process based on fundamental analysis. The Firm's fundamental analysis is driven by experienced analysts, and investment decisions are based on in-depth fundamental research. Such bottom-up analysis is combined with a thematic or "top-down" view of opportunities across the various sectors and seeks to identify the best long and short opportunities globally. The top-down view also focuses on the overall composition of the portfolio in an attempt to minimize areas where the Clients may have unintended exposure to a particular sector, country or macro-economic variable such as interest rates or foreign exchange rates.

*Event Driven* – Clearfield, on behalf of the Clients, may also invest in loans and securities of companies involved in reorganizations, mergers, acquisitions, bankruptcies, binary biotechnology events or other extraordinary corporate events/transactions with the intention of capturing a spread between the current value of the securities and their value upon consummation of the event within a specified period of time. Clearfield, on behalf of the Clients, may also make special situation or relative value investments, seeking to exploit fundamental valuation discrepancies caused by market dislocations, lack of sell side following, or expected corporate events. Clearfield may (1) position the Clients' portfolios from both the long and the short side, (2) actively trade such positions and related spreads, and (3) utilize leverage and derivatives to optimize returns.

**Certain Risk Factors**

Investing in securities involves risk of loss that Clients and Fund investors should be prepared to bear. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in Clearfield's investment strategy. For a more complete list of expected risk factors, prospective Fund investors should review each Fund's offering documents.

*Legal and Regulatory Environment for Private Investment Funds and their Managers* – The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue their investment programs and the value of investments held by the Funds. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue their investment programs or employ brokers and other counterparties could have a material adverse effect on the Funds and the investors' investments therein. In addition, Clearfield may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if the Firm believes that an investment or business activity is in the Funds' interest, even if such laws and regulations may have a detrimental effect on one or more investors.

*Systems and Operational Risks* – Clients depend on the Firm to develop and implement appropriate systems for the Clients' activities. Clients rely heavily on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of Clients' activities. In addition, Clients rely on information systems to store sensitive information about the Clients, Clearfield, their affiliates and the investors. Certain of the Clients' and the Firm's activities will be dependent upon systems operated by third parties, including prime brokers, the administrator, market counterparties and other service providers, and the Firm may not be in a position to verify the risks or reliability of such third-

party systems. Failures in the systems employed by Clearfield, prime brokers, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. In addition, despite the security measures established by Clearfield and third parties to safeguard the information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft, loss or public dissemination of the information stored therein. Disruptions in the Clients' operations or breach of the Clients' information systems may cause the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Clients and the investors' investments therein.

*Cybersecurity Risk* – As part of its business, the Firm processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Clients and personally identifiable information of investors. Similarly, service providers of Clearfield and the Funds, especially the administrator, may process, store and transmit such information. Clearfield has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Clearfield may be susceptible to compromise, leading to a breach of the Firm's network. Clearfield's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Firm to the investors may also be susceptible to compromise. Breach of Clearfield's information systems may cause information relating to the transactions of the Clients and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The service providers of Clearfield and its Clients are subject to the same electronic information security threats as Clearfield. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Clients and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of the Firm's or the Client's proprietary information may cause Clearfield and the Client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and the investors' investments therein.

*Counterparty Risk* – The Firm expects to cause the Clients to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Firm will be able to establish or maintain such relationships on behalf of the Clients. An inability to establish or maintain such relationships could limit the Clients' trading activities, create losses, preclude the Clients from engaging in certain transactions or prevent the Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by such relationships could have a significant impact on the Clients' business due to the Clients' reliance on such counterparties.

*Event-Driven* – The success of the Clients' event-driven investment strategy depends upon Clearfield's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to

occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Firm had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Clients of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Firm's investment activities on behalf of the Clients may be expected to fluctuate from period to period. Accordingly, investors in the Funds should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

*Equity Securities Generally* – The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Clients may suffer losses if Clearfield causes them to invest in equity instruments of issuers whose performance diverges from Clearfield's expectations or if equity markets generally move in a single direction and Clearfield has not caused the Clients to hedge against such a general move. The Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Derivative Instruments Generally* – Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which Clearfield may cause Clients to participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Clients.

*Long/Short* – The success of Clearfield's long/short investment strategy depends upon the Firm's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of Clearfield's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Clients' positions were to fail to converge toward, or were to diverge further from, the values expected, the Clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Clients to close out one or more positions. Furthermore, the valuation models used to determine



whether a position presents an attractive opportunity consistent with Clearfield's long/short strategies may become outdated and inaccurate as market conditions change.

*Short Selling* – The success of Clearfield's short selling investment strategy depends upon the Firm's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Clients of buying those securities to cover the short position. There can be no assurance that the Clients will be able to maintain the ability to borrow securities sold short. In such cases, the Clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though Clearfield causes the Clients to secure a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Clients to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Clients.

*Long-Term* – The success of Clearfield's long-term investment strategy depends upon the Firm's ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, Clearfield may cause the Clients to forego value in the short-term or temporary investments in order to be able to avail the Clients of additional and/or longer-term opportunities in the future. Consequently, the Clients may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors in a Fund who withdraw all or a portion of their capital accounts before such long-term value may be realized by the Clients.

*Leverage for Investment Purposes* – The use of leverage will allow Clearfield to make additional investments on behalf of the Clients, thereby increasing such Clients' exposure to assets, such that a Client's total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Clients' portfolio. The effect of the use of leverage by a Client in a market that moves adversely to its investments could result in substantial losses to a Client, which would be greater than if such Client were not leveraged.

*Collateral* – The instruments and borrowings utilized by Clearfield to leverage investments may be collateralized by all or a portion of the Firm's portfolio. Accordingly, Clearfield may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Clearfield's margin accounts decline in value, Clearfield could be subject to a "margin call", pursuant to which Clearfield must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to Clearfield can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing

to Clearfield may have similar rights. There can be no assurance that Clearfield will be able to secure or maintain adequate financing.

*Volatility Risk* – In advising the Clients, Clearfield's investment program may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by the Clients.

*Diversification and Concentration* – Clearfield may select investments that are concentrated in a limited number or types of securities. In addition, the Clients' portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

*Hedging Transactions* – In advising the Clients, Clearfield may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' securities; (vii) protect against any increase in the price of any securities the Clients anticipate purchasing at a later date; or (viii) act for any other reason that Clearfield deems appropriate. The Clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Clearfield may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to cause a Client to attempt to hedge against it. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if it had not engaged in any such hedging transaction. Moreover, the Clients' portfolios will always be exposed to certain risks that cannot be hedged.

*Non-U.S. Exchanges* – Clearfield may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

*Non-U.S. Investments* – Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not

as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, Clearfield may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce Clearfield's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to Clearfield under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

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**Item 9 - Disciplinary Information**

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

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

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The management of multiple Clients may result in conflicts of interests when Clearfield or its related persons allocate their time and investment opportunities among Clients. In addition, the compensation earned by Clearfield and its related persons from each Client may differ from one another.

The Principal Owner (and/or other related persons) may have a greater portion of his personal assets invested in a Fund(s). As a result, Clearfield may have a conflict of interest in allocating investment opportunities among the Clients.

In light of the foregoing, Clearfield has established procedures for allocating opportunities among Clients in a fair and equitable manner.

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**Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading**

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**Code of Ethics**

Clearfield has adopted a Code of Ethics (the "**Code of Ethics**"), which is designed to ensure that it conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all Clearfield employees. In addition, Clearfield recognizes that it has a fiduciary duty to its Clients, and that all of its employees need to conduct their business on Clearfield's behalf in a manner that enables Clearfield to fulfill this fiduciary duty. In this regard, Clearfield has developed policies and procedures in the Code of Ethics that are premised on the fundamental principles of openness, integrity, honesty and trust. Employees are provided with a copy of the Code of Ethics and are annually required to sign and acknowledge that they will comply with its provisions. Clearfield will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

**Personal Trading**

Under the Code of Ethics, Clearfield employees (and members of their immediate households) are not permitted to invest in single name equity securities, options on equities, bonds, futures or commodities and must obtain written pre-approval from Clearfield's Chief Compliance Officer (the "**CCO**") prior to executing a sell order in any such holdings that they may have

previously owned. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts.

In addition, employees are prohibited from participating in any initial public offering and must obtain written pre-approval from the CCO to buy or sell unlevered ETFs or securities in a private placement. Employees must also obtain written pre-approval from the CCO before engaging in any outside business activities. When the activities of the CCO require pre-approval, that written pre-approval must be obtained from the Principal Owner.

All employees must provide duplicate copies of brokerage statements, or account transactions and holdings to the CCO. These records are used to monitor compliance with the foregoing policies.

### ***Participation and Interest in Client Transactions***

Subject to applicable law, Clearfield may effect transactions between Client accounts whereby one Client account will purchase securities from or sell securities to another account. Clearfield does not currently intend to engage in such activity. Nonetheless, if it plans on effecting such transactions in the future, it will develop documented procedures for doing so, including requiring pre-approval from the CCO.

## **Item 12 - Brokerage Practices**

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### ***Selection of Brokers***

In placing portfolio transactions for Clients, Clearfield seeks to obtain the best execution for Clients' accounts, which may take into account a number of the following factors, among others: price, timeliness of execution, the availability of financing, the financial stability and reputation of a broker, the value of research, brokerage and other services provided, the responsiveness of a broker-dealer, a broker-dealer's financial resources, counterparty credit risk, and access to liquidity for certain less liquid products.

Clearfield has established a Brokerage Committee (consisting of the CCO and the Principal Owner), which meets on a quarterly basis to review the execution performance of the broker-dealers Clearfield uses to execute Client transactions. The committee also reviews commissions paid to brokers, soft dollar arrangements and certain conflicts of interest.

### ***Research and Other Soft Dollar Benefits***

Clearfield may enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing Client securities transactions to the broker. Soft dollar arrangements may pose a conflict of interest for Clearfield in that such arrangements may allow Clearfield to pay with Client commissions expenses that would otherwise be borne by Clearfield. If Clearfield uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it will receive a benefit because it will not have to produce or pay for the research, products or services. Clearfield may have an incentive to select a broker based on Clearfield's interest in receiving the research or other products or services offered by such broker, rather than on Clients' interests in receiving most favorable execution.

To the extent that it engages in soft dollar transactions, Clearfield will comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for Clients, and, subject to its duty to obtain best execution, Clearfield may consider the value of research and brokerage products and services (collectively, “**Research**”) provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral, databases and quotation services, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if Clearfield determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a Client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all Clients and not exclusively in connection with the management of the Clients that generated the particular soft dollar credits.

When a product or service obtained with Client commission dollars provides both research and non-research assistance to Clearfield, Clearfield will make a reasonable allocation of the cost which may be paid for with Client commission dollars.

Clearfield executes securities transactions on behalf of Clients with broker-dealers that provide Clearfield with access to proprietary research reports (such as standard investment research and credit reports). To Clearfield’s knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to Clearfield on an unsolicited basis and without regard to the rates of commissions charged or paid by Clients or the volume of business that Clearfield directs to such broker-dealers.

### ***Capital Introduction***

From time to time, brokers (including the prime brokers) may assist the Funds in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Firm may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Funds may encounter representatives of the Firm. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although neither the Firm nor the Funds compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Firm in deciding whether to use such brokers in connection with brokerage, financing and other activities of the Funds. Subject to its obligation to seek best execution, the Firm may consider referrals of investors to the Funds in determining its selection of brokers. However, the Firm will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

### ***Aggregation of Orders***

Aggregation opportunities for the Firm generally arise when more than one Client, including the Funds, are capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. The Firm is not required to aggregate Client

trades, however, it will generally do so, subject to “Best Execution”. When aggregating orders, the Firm must treat all Clients in a fair and equitable manner. The relevant allocation methods for participating Clients will be specified before entering an aggregated order. The books and records will reflect securities held by, or bought or sold for, Clients that participate in the aggregation.

Prior to including an account in a batch trade, the Firm’s Portfolio Manager will be required to determine that the trade is appropriate and permitted for each account that will participate, and that each account included in an aggregated trade will be treated fairly.

No additional compensation or remuneration will be due to the Firm as a result of the aggregation.

If an order is partially filled, it will generally be allocated *pro rata* in proportion to the size of the orders placed for each Client to the extent practicable.

Notwithstanding the foregoing, an aggregated order may be allocated on a basis different from that specified, if all Clients receive fair and equitable treatment and the reason for the different allocation is explained in writing and is approved in writing by the CCO no later than one hour after the opening of the markets on the trading day following the day the order was executed.

Each Client’s assets will be deposited with one or more custodians, and the Client’s assets will not be held collectively any longer than is necessary to settle the purchase or sale in question; cash or securities held collectively for Clients will be delivered to the custodian as soon as practicable following settlement.

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### **Item 13 - Review of Accounts**

The Principal Owner reviews Client accounts continually for overall adherence to the investment strategy and investment guidelines. The Firm engages in active management of the Client accounts and accordingly reviews transactions, positions and cash balances on a daily basis.

Clearfield provides Fund investors with annual audited financial statements and additional periodic reporting (see item 15).

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### **Item 14 - Client Referrals and Other Compensation**

Other than the products and services that Clearfield receives from broker-dealers (described above under Item 12), Clearfield does not currently and does not expect to receive any economic benefits from third parties in connection with the provision of investment advice to Clients. Additionally, other than considerations regarding capital introduction programs (described above under Item 12), Clearfield does not currently and does not plan on directly or indirectly compensating any person for investor referrals.

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### **Item 15 - Custody**

Clearfield will comply with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to Clearfield’s custody of the Funds’ assets. Clearfield is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account.

Clearfield does not expect to be required to comply (or expects to be deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that (i) each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, (ii) each Fund's audited financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), and (iii) each Fund distributes its audited financial statements to all investors within 120 days of the end of its fiscal year.

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**Item 16 - Investment Discretion**

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Clearfield has discretionary authority to manage securities accounts on behalf of the Clients, which includes the authority to determine, without obtaining specific consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used and the commission rates to be paid. The investors in the Funds generally will not have the ability to place any limits on Clearfield's authority beyond the limitations set forth in the Offering Documents of the applicable Fund.

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**Item 17 - Voting Client Securities**

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Clearfield has established proxy voting policies and procedures (the "**Proxy Voting Policy**") designed to ensure that proxies are voted in the best interest of the Clients.

The Proxy Voting Policy requires Clearfield, when voting proxies, to follow procedures designed to identify and address material conflicts that may arise between its interests and those of its Clients. Accordingly, prior to voting any proxy, the CCO will determine whether a material conflict of interest exists and will either resolve the conflict or refer the proxy vote to an outside service provider for its independent consideration.

In the absence of a material conflict, Clearfield will follow the voting guidelines set forth in its Proxy Voting Policy to determine whether and how to vote a proxy.

Upon request by a Client, Clearfield will disclose to such Client how it voted securities owned by such Client. Clients may also contact Clearfield via e-mail or telephone to request a copy of its Proxy Voting Policy.

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**Item 18 - Financial Information**

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Clearfield has no financial commitment that impairs the Firm's ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.