



Form ADV Part 2A: Firm Brochure

AREX Capital Management, LP

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New York, New York 10019

March 2020

This “**Brochure**” provides information about the qualifications and business practices of AREX Capital Management, LP. If you have any questions about the contents of this Brochure, please contact Valerie S. Toomey, Esq., Head of Operations & Partner Relations, by email at valerie@arexcapital.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

AREX Capital Management, LP is a Registered Investment Adviser with the SEC. Registration as an Investment Adviser does not imply that AREX Capital Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about AREX Capital Management, LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is the Firm's annual amendment to its March 2019 filing with the SEC.

The Firm launched AREX Capital Indigo Fund, LLC, Cornelis Fund, LP & TRA Fund, as well as one Separately Managed Account. Updates regarding these vehicles are reflected in Item 4 and Item 5.

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Item 4: Advisory Business

AREX Capital Management, LP is a Delaware limited partnership (hereinafter “**AREX Capital**,” “**we**,” “**us**,” “**our**,” the “**Firm**,” or the “**Investment Manager**”) founded in 2017. AREX Capital is a fundamental research driven, value-oriented investment manager whose principal owner and portfolio manager is Andrew Rechtschaffen.

AREX Capital serves as the investment adviser, with discretionary trading authority, to the following private pooled investment vehicles: AREX Capital Partners, LP, a Delaware limited partnership (the, “**Onshore Fund**”); AREX Capital, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”); and AREX Capital Master Fund, LP, a Cayman Islands exempted limited partnership (the “**Master Fund**,” and collectively with the Onshore and Offshore Funds where applicable, the “**Fund**” or “**Funds**”). The Onshore Fund and Offshore Fund invest all of their assets in the Master Fund.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate. We do not tailor our advisory services to the individual needs of any particular Investor.

The interests discussed herein include Series A interests (the “**Series A Interests**”) and Institutional interests (the “**Institutional Interests**”). The Fund previously offered Founders’ interests, which class closed on March 31, 2018.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal, or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “**accredited investors**” as defined in the Securities Act and “**qualified purchasers**” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

The Investment Adviser also serves as an investment adviser with discretionary trading authority to AREX Capital Indigo Fund, LLC, Cornelis Fund, LP & TRA Fund (also collectively referred to in conjunction with the above, as “**The Funds**”). In addition, the Investment Adviser serves as an investment adviser with discretionary trading authority over a special purpose vehicle (the “**SPV**”). The SPV is currently not accepting new investments. The SPV and the Fund Investors may be referred to as Clients throughout this document.

The Firm currently provides discretionary investment advisory services to one separately managed account (the “**SMA**”). Separately managed accounts may be set-up for certain large or strategic investors, at the Firm’s sole discretion, and will be subject to individually negotiated terms.

Our investment decisions and advice with respect to each Fund are subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2019, the Firm has regulatory assets under management of approximately \$289,332,906.

Item 5: Fees and Compensation

The fees applicable to each Fund and the SMA are set forth in detail in each Fund's offering documents and investment management agreement. A brief summary of such fees is provided below.

Management Fee

For the Master Fund, AREX Capital is paid a per annum investment management fee ("**Management Fee**") of either 1.25% (for Series A Interests) or 1.00% (for Institutional Interests), of the net asset value of the Fund. The Management Fee is normally charged within ten (10) days after the beginning of each quarter and is paid in advance based on the Fund's net asset value on the first day of the quarter. If a new Investor account is established during a quarter, or an Investor makes an addition to its account during a quarter, the Management Fee will be prorated.

To the extent that the fee-paying assets under management attributable to the Master Fund exceed \$500,000,000 as of a quarter-end (the "**\$500 Million Threshold**"), the management fee shall be recalculated only for the subsequent quarter and shall be reduced by 1.5bps after the \$500 Million Threshold. It will further be reduced 1.5bps for each additional \$50,000,000 that the fee-paying assets under management attributable to the Master Fund exceed the \$500 Million Threshold, never to go below 1.00% for the Series A Interests and 0.75% for the Institutional Interests.

The General Partner (defined below) shall have the authority to alter or change the manner and method of calculating and/or paying the Management Fees for the purpose of ease of administration including, without limitation, charging such Management Fees at the Master Fund level, provided that no such alteration or change in the method of calculation and/or payment, as applicable, shall in any way adversely alter or affect the substantive rights of the Investors including, without limitation, the economic provisions and voting rights herein or in the Fund, or otherwise adversely affect Investors.

AREX Capital is paid a per annum operating fee ("**Operating Fee**") of 20% of the net operating distributions of the TRA Fund, for the management and operation of the Fund.

AREX Capital Indigo Fund, LLC and Cornelis Fund, LP do not charge any management fees.

Performance Allocation

AREX Capital's affiliate, AREX Capital GP, LLC, (the "**General Partner**") will be entitled to an annual Performance Allocation ("**Performance Allocation**") of either 20% (for the Series A Interests) or 15% (for the Institutional Interests) subject to a loss carryforward. The Performance Allocation will be allocated at the Master Fund level, but will be calculated with respect to each interest and series of shares. Additionally, any feeder-fund level income and expenses will be considered for purposes of calculating such Performance Allocation.

The General Partner may reduce, waive, assign, grant participation in, or otherwise share, reallocate, or modify the Performance Allocation allocable with respect to any Investor (including for any affiliate of the General Partner or the Firm) without the consent of, or notice to, any Investor.

In the event that a Fund is terminated, or an Investor withdraws other than at the end of a fiscal year, then, for purposes of determining the Performance Allocation allocable at such time to the General Partner, the deduction of the Performance Allocation will be made with respect to such withdrawn capital as though it were being made at the end of a fiscal year.

Members in AREX Capital Indigo Fund LLC, will be entitled to a return distribution of one hundred percent (100%) to the Non-Managing Members in proportion to their respective Capital Contributions until the cumulative amounts distributed to each Non-Managing Member pursuant to this clause (ii) equals the Non-Managing Member's aggregate Capital Contributions to the Company; one hundred percent (100%) of any remaining amount of Distributable Cash Flow to the Non-Managing Members in proportion to their respective aggregate Capital Contributions until an eight percent (8%) annualized rate of return has been achieved; one hundred percent (100%) of any remaining amount of Distributable Cash Flow to the Managing Member until the Managing Member has received allocations equal to 15% of the sum of the distributions made under paragraph (ii) and to the Managing Member under this paragraph (iii); and eighty five percent (85%) of any remaining amount of Distributable Cash Flow to the Non-Managing Members in proportion to their respective aggregate Capital Contributions and fifteen percent (15%) of such remaining amount to the Managing Member.

Limited Partners in TRA Fund will be entitled a return distribution to 100% to such Limited Partner equal to the cumulative distributions to such Limited Partner. Second, 80% to such Limited Partner and 20% to the General Partner until such time as such Limited Partner has achieved a 3x return; and thereafter, 70% to such Limited Partner and 30% to the General Partner.

Limited Partners in the Cornelis Fund, LP will be entitled to a return distribution of First, one hundred percent (100%) to such Limited Partner until such Limited Partner receives cumulative distributions pursuant to this clause (i) equal to its Capital Contributions to the Partnership. Thereafter, any remaining balance (x) eighty-seven and one-half percent (87.5%) to such Limited Partner and (y) twelve and one-half percent (12.5%) to the General Partner.

Other Types of Fees or Expenses

AREX Capital will pay, without reimbursement by the Funds, all of its own ordinary administrative and overhead expenses including, without limitation, all costs and expenses related to office rent; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; all travel-related expenses, including research-related travel; employee insurance, and payroll taxes. Each of the Funds have incurred and will incur Organizational Expenses, Investment Expenses, and Operating Expenses. The term "Organizational Expenses" means the expenses incurred by the Funds, as applicable, in connection with its organization. The term "Investment Expenses" means the expenses associated with the investment program of the Funds, as applicable, which includes, without limitation, brokerage expenses, commissions, dealing and spread costs (which vary depending on a number of factors including, without limitation, the bank, broker or dealing counterparty utilized for the transaction, the particular instrument traded and the volume and size of the transaction), execution, give-up, exchange, clearing and settlement charges, initial and variation margin, regulatory commissions and fees, delivery, custodial fees, escrow expenses, insurance costs (including D&O and E&O insurance for the Investment Manager, the General Partner, outside directorship and any advisory committee to the Fund), third-party research (except as otherwise paid for using soft dollars within Section 28(e) of the Securities Exchange Act of 1934, as amended, and the rules and

regulations promulgated thereunder by the SEC (the “Exchange Act”)), interest and borrowing charges on margin accounts and other indebtedness, bank, broker and dealer service fees, interest expenses and consulting, risk reporting services, trade management systems, advisory, investment banking and other professional fees relating to particular investments or contemplated investments, and all other research expenses and all other expenses directly or indirectly related to the investment program. The term “Operating Expenses” means, without limitation, administrative expenses, custodial expenses, legal expenses, Fund-related compliance and regulatory expenses (including, without limitation, expenses related to regulatory filings in connection with the Fund’s investment activities) and expenses related to the registration, filing and reporting requirements in any jurisdiction in which interests are offered and sold, including those related to Alternative Investment Fund Manager’s Directive (“AIFMD”), as applicable, external accounting expenses, audit and tax preparation expenses, interest, taxes, costs in the Master Fund, as applicable, external accounting expenses, audit and tax preparation expenses, interest, taxes, costs, all expenses incurred in connection with the offer and sale of interests in the Master Fund, as applicable, and all other expenses associated with the operation of the Fund, as applicable, including, without limitation, all extraordinary expenses (such as the cost of litigation or indemnification payments, if any), in addition to the Management Fees.

AREX Capital will initially pay all of the Fund’s Organizational Expenses, which will be reimbursed by the Fund. Each of the Funds may amortize such Organizational Expenses for accounting purposes over a period of sixty (60) months from the date of the inception of the Fund, as applicable, or such other period of time as determined by the General Partner, in its sole and absolute discretion.

In the event that the Funds, as applicable, are wound up before such expenses are fully amortized, the unamortized portion of such expenses will be accelerated and debited against the Funds’ assets, as applicable, at such time.

In general, each Investor will bear its proportionate share of the expenses of the Funds on a pro rata basis with respect to the relative capital account balances of net asset value of the Funds. The General Partner may, however, allocate expenses on another basis, including by allocating certain expenses to certain (but not all) Investors if the General Partner determines that such an allocation is more equitable.

Neither AREX Capital, nor any of our employees, accepts compensation for the sale of securities or other investment products.

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

AREX Capital and our affiliates accept performance-based compensation from each of the Funds.

The Investment Manager currently makes nearly all its investments on behalf of Investors in each of its investment vehicles. To the extent that the Master Fund is transacting in the same securities held by the SPV, AREX Capital Indigo Fund, LLC, Cornelis Fund, LP, TRA Fund or the Separately Managed Account, every effort will be made to allocate the transactions in a fair and equitable way.

Item 7: Types of Clients

AREX Capital's clients are the Funds, the SPV and the Separately Managed Account, as described above.

Investors in the Funds, the SPV and the Separately Managed Account may include individuals, investment companies, pooled investment vehicles, pension and profit-sharing plans, trusts, estates, governmental plans, endowments, foundations, charitable organizations, corporations, insurance companies, limited partnerships, commingled investment trusts, and other entities.

Investors in the Funds must generally be "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 and "qualified purchasers" within the meaning of Section 2(a)(51) and Rule 2a51-1 under the Investment Company Act of 1940.

Investors are required to commit or contribute certain minimum capital amounts to become Investors of the Funds. Currently, the minimum required investment is \$1,000,000. This minimum amount is subject to change at the sole direction of the General Partner for the Onshore Fund and Board of Directors for the Offshore Fund.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, investment strategies pursued, and investments made by us on behalf of our clients should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Investors will be achieved.

Investment Objective

The investment objective of the Funds is to earn significant absolute returns by investing in securities and other financial instruments, consisting primarily of publicly-traded stocks, with some investment in options, bonds, and related instruments. We will seek to achieve our investment objective by applying a disciplined, fundamental, research-driven, value-oriented investment approach, and constructing a highly-concentrated investment portfolio. We believe that, to achieve superior absolute returns in an equity focused investment program, a portfolio with a small number of large, high-conviction positions will allow for the greatest likelihood of success. We anticipate that the majority of these investments will be of a long-

term nature and that typical long investments may have holding periods of two to three years. Typical short investments may have a holding period of one year.

Risk Management

Our investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives will be achieved or that we will be profitable, and results may vary substantially over time. We will focus on managing risk through the quality of our investment process and the diligent monitoring of investments.

Risk of Loss Factors

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the offering documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks, bonds, options, and related instruments. Each prospective Investor should carefully review the offering documents and the agreements referred to herein before deciding to invest with AREX Capital.

Short Sales

We will sell securities short. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the amount that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. We may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found, or if the Fund is otherwise unable to borrow securities that are necessary to cover its positions. We may utilize short selling for speculative purposes.

Lack of Diversification; Concentrated Portfolio

We will generally maintain a concentrated portfolio of securities in mature, established markets, across a broad range of sectors. Accordingly, our portfolio may not be diversified among a wide range of issuers, industries, geographic areas, capitalizations, or types of securities. As a result, our investment portfolio may be subject to more rapid changes in value than would be the case if we were diversified among issuers, industries, geographic areas, capitalizations or types of securities.

We intend to limit our long investments to 12% of capital at cost and 20% at market, and our short positions to 4% at cost and 6% at market. Our objective will be to invest our capital in those situations that we believe will offer the highest returns. Accordingly, we will likely hold a few, relatively large (in relation to our capital) positions for which a significant loss in any such position could have a material adverse impact on our capital.

Equity-Related Instruments in General

The Investment Manager may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, and operations risk. In

addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss.

Small to Medium Capitalized Companies

The Funds will generally invest in issuers with market capitalizations in excess of \$1 billion, with a greater focus on larger small-cap and mid-cap issuers (*i.e.* \$1-10b). We may also invest in issuers with market capitalizations less than \$1b. Smaller-capitalization stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than investments in larger capitalization stocks.

Options

Purchasing options involves the risk that the underlying instrument will not change price in the manner expected causing the investor to lose its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors are equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Interest Rate Risk

The Funds will generally invest only in equity securities, but may invest in credit when we expect it to generate equity-like returns. Credit investments may subject the Fund to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Fund may attempt to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, and/or interest rate options. However, there can be no guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes on the portfolio.

Corporate Debt Obligations

The Funds may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). If the Investment Manager intends to actively expose the Fund to credit risk, there can be no guarantee that the Investment Manager will be successful in making the right selections and, thus, fully mitigate the impact of credit risk changes on the Fund.

Derivatives

The Funds can invest in swaps, derivatives or synthetic instruments, or enter into repurchase agreements or other over-the-counter transactions. Doing so may expose the Fund to credit risk with regard to parties with whom it trades. The Fund may also bear the risk of settlement

default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Funds, and, hence, the Funds should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Use of Leverage

The Funds intend to use only limited amounts of leverage, if any. Leverage results in the Funds controlling substantially more assets than the Funds have equity. Leverage increases the Funds returns if the Funds earn a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions, and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

Hedging Transactions

The Funds have the ability to utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and speculation purposes. With respect to the Funds' risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Fund than if it did not engage in any such hedging transactions. In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of its positions. As a general matter, we do not intend to enter into non-foreign-currency-related hedging transactions.

Portfolio Turnover

Our long investments generally have at least a two-year time horizon, and our short positions will generally have a one-year time horizon. Therefore, we will generally not be actively trading. However, at times, the investment strategies of the Funds could require the Investment Manager to actively trade the Funds' portfolios, and, as a result, at that time, turnover and brokerage commission expenses of the Funds could significantly exceed those of other investment entities of comparable size.

Commodity and Futures Contracts

The Funds have the ability to invest in commodity or futures contracts, although they generally do not intend to do so. Trading in commodity and futures contracts and options thereon are

highly specialized activities that may increase the total return in the Funds' investments, but may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political, and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Investment Manager could be prevented from promptly liquidating unfavorable positions, and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Commodity-Related Securities

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of the supply of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in time of falling commodity prices, such securities may suffer a greater price decline.

Non-U.S. Securities

The Funds will generally invest in mature, established markets (primarily North America with some investments in Western Europe). The Funds are able to invest outside of these geographies, but does not intend to so regularly, if ever. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Lack of Liquidity of Fund Investments

While the Investment Manager expects the Funds' portfolios to be liquid, Fund assets may, at any given time, include securities and other financial instruments or obligations that are

thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Rights

An Investor generally will be permitted to withdraw all or any part of its capital account only in accordance with the offering memoranda and relevant Fund documents. Transfers of an Investor's interest will be permitted only with the written consent of the General Partner or Board of Directors. Accordingly, the Investors' interests should only be acquired by those willing and able to commit their funds for an appreciable period of time.

Item 9: Disciplinary Information

There are no legal or disciplinary events related to our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor any of our employees are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

AREX Capital meets the definition of a commodity pool operator ("**CPO**") and, depending on the amount of commodity interests that we trade, we may be required to register with the CFTC and become a member of the National Futures Association ("**NFA**"). However, we currently plan to claim an exemption from registration pursuant to CFTC Rule 4.13(a)(3) based on our trading a *de minimis* level of commodity interests.

We do not recommend or select other investment advisers for our Investors.

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

Code of Ethics

AREX Capital has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and sets forth procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must not conduct any personal securities transactions unless consistent with the Code of Ethics' Employee Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

Employees, their spouses, immediate family members and other dependents, are required to provide their broker account statements to the CCO within (30) days of the end of the calendar quarter. These records are used to monitor compliance with AREX Capital's "**Employee Investment Policy**." The Employee Investment Policy requires all employees to pre-clear all single name equity trades prior to executing transaction.

Employees must obtain pre-approval from the CCO before engaging in any outside business activities.

A copy of the AREX Capital Code of Ethics is available to review onsite at AREX Capital's office.

Participation or Interest in Client Transactions

We may solicit qualified Investors to invest in the Funds. We could be considered to have recommended an investment in the Funds as suitable for an Investor as a result of our relationship with the Funds. We will inform each Investor of our relationship with a Fund prior to the Investor's investment, but we do not intend to advise Investors as to the appropriateness of the investment, and we will not receive any compensation for selling interests in the Fund (except to the extent that we receive our Management Fee and Performance Allocation from Investors).

We disclose potential conflicts of interest, to Investors in the Fund's offering documents. Offering documents are delivered to Investors prior to their investment and Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving us, our affiliates, or the employees of the firm.

Item 12: Brokerage Practices

AREX Capital is authorized to select the broker-dealers to be used for executing securities transactions for the Funds. In making these selections, , we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost, as a number of other judgmental factors will be considered as they are deemed relevant, such as Best Execution, defined below. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" as defined in the Advisers Act.

Best Execution

In selecting brokers and negotiating commission rates, the Investment Manager will consider the financial stability and reputation of the brokers and the research, brokerage, or other services provided by such brokers.

The Funds will maintain an account with the Prime Brokers, through which the Funds may execute trades, borrow securities and maintain custody of its securities. The Fund, with the consent of the Review Committee, reserves the right to change the brokerage and custodial arrangements described above.

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration a number of qualitative and quantitative factors, including: the ability to achieve prompt and reliable executions; the ability to obtain access to a security; the financial stability and reputation of the particular broker-dealer; the quality, comprehensiveness, frequency of available research and related services considered to be of value to the Master Fund; and the competitiveness of commission rates in comparison with other broker-dealers satisfying the other selection criteria. Research and related services furnished by broker-dealers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services, and discussions with research personnel.

Soft Dollars

The Firm may use “**Soft Dollars**.” In such cases, Soft Dollar credits, generated by the Master Fund’s trading activities, would be used to purchase brokerage and research services or products that would otherwise have been the Funds’ expense. We will keep any such arrangements within the parameters of the Safe Harbor of Section 28(e) of the Securities Exchange Act of 1934.

Item 13: Review of Accounts

Our portfolio manager, finance staff, and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund’s offering documents. In these reviews, we pay particular attention to any changes in the investment fundamentals, overall risk management and changes in the markets that may affect price levels.

The Fund’s administrator determines the net asset value of the Fund. Underlying Investors receive monthly account statements independently from the Fund’s administrator as well as audited financial statements annually. Monthly account balances are reviewed by AREX Capital’s finance staff and the Fund’s administrator before statements are sent to investors.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund’s fiscal year end. We will also distribute other interim reports to Investors such as a monthly risk report and quarterly update letter.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for Investor referrals.

Item 15: Custody

We will comply with the Advisers Act’s Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund’s annual audit by an

independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary authority over the Master Fund, including authority to make decisions with respect to which securities it buys and sells, in what amount, and at what prices. We will also have full discretionary authority over the AREX Capital Indigo Fund, Cornelis Fund, LP, the TRA Fund, LP, and the managed account.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents, or resolutions in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

Generally, Investors may not direct our vote in a solicitation.

Investors may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, nor have we been the subject of a bankruptcy petition at any time during the past ten years.