

# Nine Thirty Capital Management, LLC

## Part 2A of Form ADV

### The Brochure

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**This brochure provides information about the qualifications and business practices of Nine Thirty Capital Management, LLC (“Nine Thirty Capital”). If you have any questions about the contents of this brochure, please contact us at 212-918-8930. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Nine Thirty is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration with the United States Securities and Exchange Commission should not be assumed to imply a certain level of skill or training.**

**Additional information about Nine Thirty Capital is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

This brochure was last updated in March 2019. There are no material changes to report.

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## Advisory Business

Nine Thirty Capital Management, LLC ("Nine Thirty Capital") was founded in 2004 and is primarily owned by Nine Thirty Management Holdings, LLC. Nine Thirty Management Holdings, LLC is primarily owned by Nine Thirty Capital's President and CEO, Stuart J. Rabin and his family.

Nine Thirty Capital provides investment advisory services primarily focusing on asset allocation, direct investments and the placement of capital with third-party asset managers. Such managers may include hedge funds, fund-of-funds and other investment funds, and managers of managed accounts. Nine Thirty Capital may also provide discretionary management of clients' cash portfolios. In addition, Nine Thirty Capital may provide investment advisory services with respect to private equity and venture capital investments and actively participates in certain of these investments. Advice is generally limited to the forgoing investments.

Nine Thirty Capital generally advises clients through the creation of limited partnerships or limited liability companies (the "Client Accounts") in which Nine Thirty Capital, or a related person, acts as managing member and one or more members of a family group (or entities created by such members) act as the other members.

Nine Thirty Capital also serves as an investment manager to related private investment funds organized to make private equity investments in the securities of early-stage/venture capital or

established businesses (each a “Private Fund”). Nine Thirty Capital exercises oversight of each portfolio company investment held by the Private Funds through representation, including on the boards of directors of its portfolio companies. The Private Funds are managed in accordance with the terms of the applicable operating and management agreements. Investment advisory services are not tailored to the needs of each individual investor in the Private Funds.

Nine Thirty Capital tailors its advisory services to the individual needs of Client Accounts based upon its understanding of each client’s financial situation, goals and objectives. Client Accounts may impose restrictions on investing in certain securities or types of securities.

As of December 31, 2019, Nine Thirty Capital managed \$443,122,748 on a discretionary basis on behalf of clients and proprietary assets.

## **Fees and Compensation**

Nine Thirty Capital's standard management fee is 1.5% of assets under management per annum. Nine Thirty Capital’s standard fee is generally payable quarterly in advance and upon deposit of any funds or securities in the account by the client. The first payment will be based on the opening market value of the account and will be pro-rated to cover the period from the date the account is opened through the end of that calendar quarter. Thereafter, the fee will be based on the account value on the last business day of the preceding calendar quarter. The fee structure is explained and agreed with the clients in advance before any services are rendered. Fees will generally be deducted directly from the client's custodial account. Nine Thirty Capital's fees are negotiable, at its discretion.

Generally, each Client Account’s investment management contract cannot be terminated prior to its stated term, which is generally multi-year. Typically, a member may withdraw its capital from the Client Account at the end of each calendar year upon 95 days' notice; the management fee is nevertheless payable for the remainder of the term of the management agreement. A member’s ability to withdraw capital from a Client Account is subject to the lock-ups and liquidity provisions of the underlying managers to whom the Client Account’s capital has been allocated. The terms of Client Accounts’ are negotiable and vary among clients.

As previously stated, Nine Thirty Capital places client assets with third-party asset managers through investments in hedge funds, fund-of-funds and other investment funds, and managed accounts. The third-party managers of such investments generally charge management and incentive fees that are in addition to the fees payable to Nine Thirty Capital.

Nine Thirty Capital receives a management fee from each Private Fund for providing management services in an annual amount equal to either 1.0% or 1.5% of the aggregate capital commitments of the investors through the earlier of termination of the Private Fund and the making to the investors of the final liquidating distribution. Nine Thirty Capital has entered into side letter arrangements with certain investors in the Private Funds that grant preferential fee terms, including, in some cases, a waiver of management fees.

Nine Thirty Capital, and any other related person, may earn directors’ fees, management fees, advisory fees, consulting fees or equivalent compensation from a portfolio company of a Private

Fund and from other persons for the sole account of Nine Thirty Capital or its related persons. For example, portfolio companies may pay compensation for services provided by Nine Thirty Capital's related persons for consulting services provided to a portfolio company, including, but not limited to (i) the deployment and financing of the portfolio company's products, (ii) discussions and negotiations with investment bankers, placement agents and other advisers in connection with any future equity raise or sale by the portfolio company, (iii) strategic planning regarding subsidiaries of a portfolio company, (iv) strategic initiatives of a portfolio company, and (v) such other matters as may from time to time be agreed upon by a portfolio company and Nine Thirty Capital or its related persons. Compensation for providing such services is paid directly from the portfolio company to Nine Thirty Capital or its related persons and will not be used to offset management or incentive fees paid by the Private Funds to Nine Thirty Capital.

A portfolio company which may be held by, or that may be recommended to, the Private Funds may enter into financing or other transactions with Nine Thirty Capital's related persons. Any fees or other revenues earned by Nine Thirty Capital or any related person in connection with any such transaction may be for the sole account of Nine Thirty Capital or a related person. Please refer to the Other Financial Industry Activities and Affiliations section for further information.

As permitted by each Private Fund's relevant governing documents, the Private Funds bear all operational, audit and administration expenses; all expenses incurred with the purchase, proposed purchase, holding, sale or proposed sale of any investment including, without limitation, all travel-related expenses and all third-party out-of-pocket costs and expenses of custodians, paying agents, registrars, counsel, independent accountants, independent representatives and others, unless such costs or expenses are paid for by the portfolio company; all costs of prosecuting or defending any legal action for or against the managing member or affiliates; principal of, interest on and fees and expenses arising out of any and all permitted borrowings made by the Private Fund; the costs of any litigation, director and officer liability or other insurance and indemnification or expense or liability relating to the affairs of the Private Fund; all expenses of liquidating the Private Fund; and any taxes, fees or other governmental charges and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Private Fund.

Investors should review the confidential offering memorandum of the Private Fund in which they are invested to fully understand the types of fees and expenses paid for by the relevant Private Fund. While the Private Funds are generally responsible for the above expense types pursuant to the relevant governing documents, Nine Thirty Capital, in its sole discretion, may determine not to allocate them to the Private Funds.

The terms of expense types that are borne by Client Accounts are negotiable and vary among clients.

## **Performance-Based Fees and Side-by-Side Management**

Nine Thirty Capital charges Client Accounts a performance fee equal to 10% of annual net appreciation whether such appreciation is realized or unrealized, subject to a loss carry forward. The performance fee, if any, is paid annually. Similar to management fees, performance-based fees will generally be deducted directly from each client's custodial account. Nine Thirty Capital charges the Private Funds a performance fee equal to 20% of cash distributions in excess of

capital contributions, subject to a hurdle rate, if applicable. All terms relating to performance-based fees are disclosed in each of the Private Fund's investment management agreement and governing documents. As noted above, Nine Thirty Capital's fees are negotiable, at its discretion.

The fact that a significant portion of Nine Thirty Capital's compensation (and its affiliates' and investment professionals' compensation) could be directly computed on the basis of profits generated by the investment of client assets may create an incentive for Nine Thirty Capital to make investments on behalf of its clients that are riskier or more speculative than would be the case in the absence of such compensation.

## **Types of Clients**

Nine Thirty Capital typically advises high net worth families, including their trusts, charitable trusts and private foundations and other affiliates, investing through special purpose investment vehicles.

Nine Thirty Capital has a minimum Client Account size of \$50,000,000, which amount may be waived at its discretion, such as if the account is part of a larger relationship.

Nine Thirty Capital also advises Private Funds which invest in select early-stage private equity/venture capital investments. The minimum investment amount is \$500,000; however, the managing member of the Private Funds, an affiliate of Nine Thirty Capital, has the authority to accept a lesser amount, in its sole discretion.

The Private Funds have accepted, and may in the future, accept subscriptions from investors who also provide services to Nine Thirty Capital and its clients. Relationships such as these could be viewed as creating a conflict of interest. The governing documents for the Private Funds do not prohibit Nine Thirty Capital from engaging in any business activities with investors who are investment advisers or individuals that are affiliated with investment advisers. As a result, Nine Thirty Capital may from time to time place client assets with investment advisers whose personnel are investors in the Private Funds.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Nine Thirty Capital utilizes a disciplined and long-term oriented approach in the management of client capital. Diversified and customized portfolios are created for each Client Account and investment managers are selected based upon the specific requirements of each client. Nine Thirty Capital relies on its own independent research, due diligence and referrals for its selection of managers.

It is Nine Thirty Capital's responsibility to research and identify asset managers to satisfy itself as to the terms and conditions of such investment vehicles (or, where relevant, negotiate the respective investment advisory agreements with such managers) and to allocate and reallocate the client's assets among selected managers. Nine Thirty Capital allocates the Client Account's assets among multiple managers using its knowledge and experience to assess the capabilities of portfolio managers and to determine the appropriate allocation mix among managers and strategies.

Nine Thirty Capital applies qualitative and quantitative analyses to the evaluation and selection of asset managers and strategies. In addition to a portfolio and performance-based analysis, Nine Thirty Capital, through a related entity, conducts initial and ongoing operational and investigative due-diligence of asset managers. This three-phase due diligence approach incorporates the following:

- ***Identity, Background and Reputational Due Diligence***

A comprehensive due diligence examination designed to review the company's/individuals complete background history and associations, to include criminal and civil litigation, liens and bankruptcies, licensing status, credit history and personal assets and holdings, among numerous other background and reputational items.

- ***Operational Due Diligence***

A robust operational review to assess, among other things, the controls and procedures of the selected fund as well as counter-party and other relationships, to ensure that all relevant items are well understood and adhere to at least industry best practices. This will include stringent on-site compliance visits, testing, and independent verification.

- ***On-Going Due Diligence***

An ongoing review and assessment, generally based on significant events, whereby the key data, the due diligence and the risk management efforts are periodically evaluated and updated to ensure the expected practices and protocols remain in place and that no recent negative events or other material changes have occurred with respect to the fund or its key managers.

For its Client Accounts, Nine Thirty Capital employs a multi-manager investment strategy in giving investment advice to its clients. The asset managers with whom the clients invest utilize a variety of investment tactics to seek to achieve their investment objectives. For its Private Fund clients, Nine Thirty Capital typically invests in early-stage private companies (i.e., it often engages in a venture capital style of investing). No assurance can be given, however, that clients will achieve their objective, and investment results may vary substantially over time and from period to period. All investing involves a risk of loss that clients should be prepared to bear and the investment strategy of multi-manager investments offered by Nine Thirty Capital could lose money over short or even long periods.

The summary provided below is a brief overview of market and investment risks and is not intended to be complete.

- **Stock Market Risk** - There is a chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- **General Business and Catastrophic Risk** – Client Accounts and Private Funds will be subject to the risk of loss arising from exposure that may be incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic

risks of loss can be substantial and could have a material adverse effect on Nine Thirty Capital's business as well as the Client Accounts' and Private Funds' portfolios.

- **Non-Diversification Risk** – While Nine Thirty Capital will seek to invest Client Account assets with third-party investment managers with differentiated strategies and uncorrelated returns, there is a chance that the performance may be hurt disproportionately by the poor performance of relatively few stocks and/or other securities. The private funds in which the Client Accounts invest will not be registered under the Investment Company Act of 1940, which means that underlying investment funds are not subject to limitations on the percentage of assets that may be invested in the securities of any one issuer or market segment. In addition, the performance of the Private Funds, which invest in one portfolio company, will be solely determined by the value of the portfolio company investment.
- **Use of Third-Party Asset Managers** - Generally, access to information regarding the actual investments made by managers will not be conveyed, as such information is considered proprietary. Because limited transparency is provided by managers, determining whether large accumulations of certain positions, which could reduce diversification in the portfolios as a whole, have taken place proves difficult. In addition, managers that invest in a particular sector may be subjected to differing or increased risks relating to such sector. Further, while Nine Thirty Capital applies a portfolio, investigative and operational due diligence program to third-party asset managers, it may not ultimately mitigate the client from the risk of fraud, willful misconduct or gross negligence on part of the third-party asset manager.
- **Underlying Private Fund Investments** – Client Accounts will invest primarily in private funds managed by third-party investment managers. By investing in these funds indirectly through an account managed by Nine Thirty Capital, Client Accounts pay management and performance-based fees to the underlying investment managers in addition to fees paid to Nine Thirty Capital. Client Accounts may pay a performance-based fee to a third-party investment manager if the underlying fund had positive performance, even if the overall performance of the Client Account was negative. The value of these underlying funds is ordinarily determined by the investment manager or a third-party administrator. Nine Thirty Capital may not be able to confirm or review the accuracy of such valuations.
- **Illiquid Investments** – Third-party asset managers may impose lock-up periods and/or gates which restrict large client redemptions from the fund. In turn, the manager may invest in securities of portfolio companies that may from time to time be illiquid, including as a result of limited transferability of the underlying investment. As a result, clients may be required to hold their investments for an indefinite period of time. In addition, investors in the Private Funds will be unable to redeem capital until a liquidation event, given the illiquid nature of these investments.
- **Reliance on information that turns out to be wrong** - Investments are selected based, in part, on information provided by issuers to regulators or made directly available by the issuers or other sources. Confirmation of the completeness or accuracy of such information is not always attainable, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.
- **Leverage of Investments** – Third-party asset managers may employ leverage from time to time. Such leverage will increase a manager's exposure to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial

condition of the company or its industry. There can be no assurance that managers will be able to maintain adequate financing arrangements under all market circumstances.

- **Short Selling and Use of Derivative Instruments** – Third-party asset manager’s investment activities expose it to various types of risk which are associated with the financial instruments in which it invests, including but not limited to, securities sold short, derivative financial instruments, etc. This type of trading may carry an off-balance-sheet market risk. Short selling involves selling a security that the client does not own. The client borrows the security that is sold short in hopes of purchasing the security at a later price to repay the lender of the security. If a security that is sold short rises in price, the short seller will lose money. Because there is no limit on how much a security’s price may rise, securities sold short are subject to unlimited risk of loss. The prices of many derivatives are highly volatile. Price movements of options contracts and swap payments are influenced by, among other things, the value of the underlying security, interest rates, demand for such products, trade and exchange control programs and other government policies, and national and international political and economic events. Swaps, certain options and other custom instruments are subject to the risk of nonperformance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.
- **Risk of Liability for Private Investments**– Nine Thirty Capital will often designate directors to serve on the boards of directors of the Private Funds’ portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Private Funds to claims by a portfolio company, its security holders, and its creditors. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability which the limited liability characteristic of business operations usually ignores. If these liabilities were to occur, a Private Fund could suffer losses in its investments. Although such board positions in certain circumstances may be important to a Private Funds’ investment strategy and may enhance Nine Thirty Capital’s ability to manage investments, they may also have the effect of impairing Nine Thirty Capital’s ability to sell the related investments when, and upon the terms, it may otherwise desire and may subject Nine Thirty Capital and the applicable Private Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the applicable Private Fund will indemnify Nine Thirty Capital from such claims.
- **Nature of Investments** - Portfolio companies in which the Private Funds invest are confronted with a high degree of financial and operating risk, including risks associated with companies with little or no operating history, companies operating at a loss or with substantial inter-period variations, companies which incur a high level of debt as a result of a leveraged buyout, companies where some members of the management team are inexperienced, and companies with a need for substantial contributions to capital to support expansion or to achieve or maintain a competitive position. Losses of principal are possible on any particular investment.
- **Availability of Investment Capital** - Early-stage investments often require several rounds of capital infusions before the portfolio company reaches maturity. If a venture capital or Private Fund investor does not have funds available to participate in subsequent rounds of



financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of the investor's original investment. Each Private Fund generally will not participate in follow-on rounds of financings of a portfolio company. As such, each Private Fund does not intend to provide all necessary follow-on financing. Accordingly, third-party sources of financing may be required and may be provided by subsequent Private Funds structured by Nine Thirty Capital, third parties, or its related persons or entities. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Private Funds. Furthermore, each Private Fund's capital is limited and may not be adequate to protect a Private Fund from dilution in multiple rounds of portfolio-company financing.

- **Cybersecurity** - The information and technology systems of Nine Thirty Capital and of key service providers to Nine Thirty Capital and its clients may be vulnerable to potential 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, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Nine Thirty Capital has implemented various measures designed 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, it may be necessary for Nine Thirty Capital to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Nine Thirty Capital or Client Accounts and Private Fund accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

This is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Client Account or Private Funds. Clients should review the risk disclosures in each Client Account's Confidential Information Memorandum and other governing documents to further understand the risks and potential conflicts of interest. Investors in the Private Funds should review the subscription and governing documents provided for further discussions on associated risks and potential conflicts of interest.

## **Disciplinary Information**

Nine Thirty Capital and its management persons have never been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its management persons.

## **Other Financial Industry Activities and Affiliations**

Nine Thirty Capital generally organizes limited liability companies or similar vehicles for holding and investing client assets. Nine Thirty Capital Partners, LLC, a related person to Nine Thirty Capital, generally acts as the managing member to vehicles established for US clients and Nine Thirty Capital Partners Offshore, Ltd. (a Cayman Island Exempted Company), a wholly owned subsidiary of Nine Thirty Capital generally acts as a general partner for vehicles established for non-US clients. Nine Thirty Capital is affiliated with the managing member to the Private Funds by common ownership.

Nine Thirty Capital has a related person, 924 Global Asset Finance Corporation (“924”), that has been created to provide financing for the sales, distribution and deployment of products developed and manufactured by a portfolio company held by the Private Funds. The business and affairs of 924 are managed by a board of directors, which consists of Nine Thirty Capital employees. Mr. Rabin has an ownership interest in 924 and is also the President and CEO of 924. Thus, a conflict of interest may arise because, as discussed above in the Fees and Compensation section, the portfolio company owned by the Private Funds may enter into financing transactions with 924 and pay financing fees to 924. None of the fees received by 924 will be used to offset any expenses of the Private Funds that hold interests in the portfolio company for which 924 provides services. Mr. Rabin has the potential to personally benefit or cause 924 to benefit from business directed to 924 from a portfolio company held by the Private Funds that may otherwise be directed to third parties. Nine Thirty Capital believes that 924 can provide financing services at a cost at least comparable to, if not lower than, that of third parties and further believes that any arrangement entered into between 924 and the portfolio company will be beneficial to the portfolio company and to the Private Funds. Moreover, the relationship between 924 and the portfolio company was thoroughly reviewed and approved by the independent members of the board of directors of the portfolio company. In addition, all future financing and any other arrangements between 924 and the portfolio company will also be subject to the review and approval by the independent members of the board of directors of the portfolio company and are subject to ongoing review as well.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Nine Thirty Capital has established a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act to govern, among other things, the manner in which the business and its employees conduct themselves. A copy of the Code of Ethics is available to any client or prospective client upon request.

Nine Thirty Capital may recommend to its clients securities in which it or its interest holders (or their affiliates or other related parties) own interests.

Nine Thirty Capital has adopted certain restrictions on personal trading by employees. Generally, Nine Thirty Capital requires personal trading reporting and review and compliance with its insider trading policies and procedures. Through its procedures, Nine Thirty Capital requires, among other things, that employees:

- Place the interests of our clients first;
- Bring forward any conflict of interests that may arise with providing investment advice to clients;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Maintain the confidentiality of information concerning the identity of securities and financial circumstances of clients;

- Maintain independence in the investment decision-making process at all times; and
- Comply with applicable provisions of the federal securities laws.

As described above, Nine Thirty Capital requires that the personal investment transactions of its members and employees be carried out in a way that is not detrimental to the interests of clients. Nonetheless, Nine Thirty Capital believes that, in the event investment goals are similar for its clients and for members or employees of Nine Thirty Capital, it may be logical or desirable that there be a common ownership of some securities. As stated earlier, clients may invest in securities that are owned by Nine Thirty Capital or its related persons. In the event that an investment opportunity arises which would be suitable for both clients and for Nine Thirty Capital or its related persons (who are not also clients), the investment opportunity will be given to clients (including those clients that are also related persons) first and to Nine Thirty Capital and/or its related persons (who are not also clients) only after client demand is satisfied. If there is a conflict between a member's, employee's or related person's (in each case, that are not also clients) desired transaction and a client's desired transaction, the conflict will be resolved in favor of the client. In the event that an investment opportunity arises which would be suitable for more than one client (including those clients that are also related persons), Nine Thirty Capital will generally allocate that investment opportunity on a pro rata basis based upon the capital of the clients that would otherwise be allocated to such investment opportunity (assuming no limitations on such allocation) or as may be otherwise deemed equitable by Nine Thirty Capital. However, due to investment series limitations or for other reasons, there may be investments where Private Funds' interests are subordinate to other investments in which other Private Funds or Nine Thirty Capital employees hold interests. As such, certain investors have liquidation priority over other investors.

Occasionally, an investment opportunity may be made available to Nine Thirty Capital by a client (including a client that is also a related person). In such circumstance, Nine Thirty Capital will allocate the investment opportunity first to the client without whom there would be no access to the investment and thereafter to other clients in the manner described above.

Nine Thirty Capital and its related persons (including related persons that are also clients), from time to time participate in certain private equity investment opportunities. Nine Thirty Capital, through its related persons or entities, may also seed or create investment vehicles for the purpose of investing in such opportunities. These opportunities are offered to Nine Thirty Capital's clients but are not currently portfolio assets of any Client Account.

As is typical in private equity or venture capital investing, Nine Thirty Capital's employees act as representatives on the board of directors or management committees of portfolio companies on behalf of the Private Funds. In addition, Nine Thirty Capital recommends to the portfolio company certain investors in the Private Funds to be directors or management members of the portfolio company. Any compensation, including cash compensation, equity options or grants, benefits, or other compensation structure provided to similar directors or members of a portfolio company's board or committee, will be paid by the portfolio company directly to such appointed persons. No cash or non-cash compensation received by any persons affiliated with Nine Thirty Capital or the Private Funds will be used to offset any expenses or liabilities of the Private Funds.

Generally, a reduced fee (or no fee) is applied to accounts held by Nine Thirty Capital employees or members and their respective affiliates.

## **Brokerage Practices**

Due to the nature of the services it provides, Nine Thirty Capital does not generally conduct client transactions through broker-dealers, however, Nine Thirty Capital has developed and implemented policies and procedures to address the limited possibility of using brokerage counterparties. Where Nine Thirty Capital is in a position to place client transactions through broker-dealers, Nine Thirty Capital uses brokers that are selected on the basis of their general expertise and their ability to execute a particular trade in a timely and cost-effective manner.

Nine Thirty Capital does not have any formal soft dollar arrangements or other arrangements that would commit Clients to any specific or implied level of trading.

## **Review of Accounts**

Portfolios managed by Nine Thirty Capital will be reviewed at least quarterly by the President and Chief Executive Officer/Chief Compliance Officer and professional staff members to determine that the investments held by each client account are consistent with their stated investment objectives. In addition, more frequent reviews may be performed based on investment performance, market conditions, liquidity considerations and other factors.

The Client Accounts generally will receive monthly reports summarizing the activity in their accounts and the return on their investments, as well as relevant reporting and market benchmarks. These reports are in addition to the quarterly statements that clients, or their independent representative, will receive directly from their custodian and annual audited financial statements. Clients should carefully review these statements and should compare these statements to any account information provided by Nine Thirty Capital.

The nature and frequency of reports are determined primarily by the particular needs of the client. Clients are also kept informed through written communications, telephone calls or in-person meetings. In special circumstances, such as market disruptions or material deviation of agreed investment policy guidelines clients would be informed on an ad-hoc basis outside of the regular review cycle.

An independent representative, on behalf of the Private Fund investors, will receive statements from the custodian on a quarterly basis. For Private Funds that are subject to an audit, investors will receive audited financials on an annual basis.

Nine Thirty Capital generally exercises oversight of the private equity investments held by the Private Funds through representation on the board of directors or on management committees of its portfolio companies.

## **Client Referrals and Other Compensation**

Nine Thirty Capital may compensate a third-party solicitor and internal marketers for a successful referral of a client account or investor. Nine Thirty Capital does not currently pay any person for

client referrals, although it may in the future. Any compensation paid for client referrals generally will not increase the referred client's fees beyond that which Nine Thirty Capital would otherwise charge the referred client for its investment management services. In the event of a referral arrangement agreed upon by Nine Thirty Capital and a third-party solicitor for referral of an investor or separately managed account, Nine Thirty Capital requires the third-party solicitor to provide a written disclosure document to the referred client or investor. Referred clients and investors should ensure that they receive and read the disclosure document from the third-party solicitor.

## **Custody**

Due to the nature of its relationship to the Private Funds and Client Accounts and its ability to withdraw fees, Nine Thirty Capital is deemed to have custody of client funds and securities. In order to comply with regulations regarding custody of funds and securities by investment advisers, each of the Client Accounts is audited annually and clients receive copies of audited financial statements within 180 days of the Client Account's fiscal year end. The Private Funds' assets are subject to an annual surprise asset verification and investors (or their independent representative(s)) receive copies of the Private Funds' quarterly custodial statements. Investors and/or their independent representative(s) are encouraged to review these statements carefully.

## **Investment Discretion**

Nine Thirty Capital accounts are generally managed on a discretionary basis where all decisions as to which securities are bought or sold and the total amount bought or sold is generally determined by Nine Thirty Capital or their selected managers, as applicable. However, as each Client Account is customized to tailor the clients' investment and risk profile, such clients participate in providing parameters regarding position size, manager or strategy exposure and liquidity guidelines. Nine Thirty Capital generally reviews its recommendations with Client Accounts prior to making investments and changes related to portfolio rebalancing.

Nine Thirty Capital manages the Private Funds on a discretionary basis subject to the terms of the applicable operating and management agreement.

## **Voting Client Securities**

Due to the nature of the services it provides, Nine Thirty Capital is not generally in a position, and is not likely to be requested to vote client securities. However, Nine Thirty Capital has adopted procedures to review requests for proxies received on behalf of clients, and determine whether to forward the proxy solicitation to the client or vote on behalf of the client, as appropriate to ensure that such securities are voted for the benefit of and in the best interest of the client. Nine Thirty Capital's objective of voting a security in such cases is to seek to enhance the value of the investment which the security represents or to reduce the potential for a decline in the value of the investment which the security represents. If a conflict is identified, Nine Thirty Capital will document the conflict and seek to act in the best interest of all clients involved. Nine Thirty Capital may also elect not to vote proxies related to securities in Client Accounts in which Nine Thirty Capital did not advise the investment by the client, and/or investment in the securities is determined by Nine Thirty Capital to be immaterial to the client's account. Nine Thirty Capital does not vote on assets maintained by other managers or brokers when they have discretionary

authority over the investment process. Clients may obtain a copy of these proxy voting policies as well as information about how Nine Thirty Capital has voted the client's proxies by contacting Nine Thirty Capital.

As is typical in private equity or venture capital investing, Nine Thirty Capital's employees may be appointed to the board of directors of portfolio companies of the Private Funds. In addition, Nine Thirty Capital may cause other persons designated by Nine Thirty Capital to be appointed as directors of the boards of directors of portfolio companies of the Private Funds. In situations where Nine Thirty Capital votes on an action for a company in which an employee or appointee of Nine Thirty Capital serves on the board of directors, Nine Thirty Capital has determined that this does not inherently present a conflict of interest as the sole purpose of this representation is to maximize the return on the Private Funds' investment in such company and to ensure that the Private Funds' interests are protected. Nine Thirty Capital believes that the Private Funds and the director roles are generally aligned with respect to voting on actions and otherwise.

## **Financial Information**

Nine Thirty Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.