
Item 1. Cover Page

Truffle Hound Capital, LLC

March 2020

This brochure provides information about the qualifications and business practices of Truffle Hound Capital, LLC.

If you have any questions about the contents of this brochure, please contact Paul Froehlich at telephone number (301) 789-2498 or via email: paul@trufflehound.com

This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Truffle Hound Capital, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Truffle Hound Capital, LLC
4905 Del Ray Avenue #400
Bethesda, MD 20814-2557
Tel: (301) 789-2498
Fax: (301) 718-1755

Item 2. Material Changes

Material Changes You Should Know:

The CEO and Chief Investment Officer of the Firm, Stephen Bauer, updated his *Other Financial Industry Activities and Affiliations* in Item 10.

Item 3. Table of Contents**TABLE OF CONTENTS****Contents**

Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	5
Item 6.	Performance-Based Fees and Side-by-Side Management.....	6
Item 7.	Types of Clients.....	7
Item 8.	Methods of Analysis, Investment Strategies, and Risk of Loss	7
Item 9.	Disciplinary Information	13
Item 10.	Other Financial Industry Activities and Affiliations	13
Item 11.	Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	13
Item 12.	Brokerage Practices	14
Item 13.	Review of Accounts	17
Item 14.	Client Referrals and Other Compensation.....	18
Item 15.	Custody.....	19
Item 16.	Investment Discretion.....	19
Item 17.	Voting Client Securities	19
Item 18.	Financial Information	20
Item 19.	Requirements for State-Registered Advisers	21

Item 4. Advisory Business***A. General Description of Advisory Firm.***

Truffle Hound Capital, LLC (“THC” or the “Firm”), a Delaware limited liability company, is an SEC registered investment adviser with its principal office located in Bethesda, MD. We were formed in March 2002. Stephen R. Bauer is the Chief Executive Officer, Chief Investment Officer, managing member of the Firm, and has primary responsibility for managing the Firm and its investment activities. He has devoted substantially all of his business time since July 2002 to managing the investment program of the Firm’s only client, Truffle Hound Global Value, LLC (the “Fund”), which is a global long-short hedge fund.

Paul E. Froehlich is Chief Compliance Officer (“CCO”) and Co-Chief Operating Officer and has primary responsibility for the Firm’s compliance, human resources, finance, and accounting matters. In the event of the death, disability, incompetency, or bankruptcy of Mr. Bauer, Mr. Froehlich will wind up the Firm’s affairs.

Christopher H. Weber is Co-Chief Operating Officer and has primary responsibility for trading, investor relations, and business development. In the event of the death, disability, incompetency, or bankruptcy of Mr. Bauer, Mr. Weber will assist Mr. Froehlich in winding up the Firm’s affairs.

We have no subsidiaries.

B. Description of Advisory Services (including any specializations)

Truffle Hound Capital, LLC employs a value philosophy to invest in publicly traded securities that offer substantial upside with a wide margin of safety, while reducing volatility with hedges on broad-based stock indices. THC’s primary advantages are the ability to migrate to undervalued asset classes and the ability to exploit relatively small investment opportunities in small companies or niche industries. The Firm manages the investment activities of the Fund, which is its only client.

C. Availability of Tailored Services for Individual Clients

This is not applicable as THC does not tailor services for individual clients other than the Fund.

D. Wrap Fee Programs.

This is not applicable as we do not offer any wrap fee programs.

E. Client Assets Under Management.

As of December 31, 2019, the gross asset value of the Fund, our sole client, was \$269,961,049, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation

The Fund will pay the Firm on behalf of each investor a quarterly management fee (the “Management Fee”) calculated separately with respect to each investor on the first day of each calendar quarter. The Management Fee payable for each quarter is 0.25% (1.00% on an annualized basis) of the value of the investor’s capital account at the beginning of business on the first day of such quarter. For an additional investor admitted on an admission date other than the first day of a calendar quarter, the Management Fee for that calendar quarter will be prorated and paid on the admission date. Further, for any redemption on a date other than the end of a calendar quarter, the Management Fee will be prorated and the excess fee will be rebated.

The Firm may waive or reduce the Management Fee with respect to any investor in its sole and absolute discretion and it intends to do so with respect to the Firm, family members of Stephen R. Bauer, and officers and employees of THC and their spouses or descendants (“THC Affiliates”).

In addition to the Management Fee described above, the Fund will pay THC a conditional performance allocation that is charged on the basis of a share of capital gains upon or capital appreciation of the Fund for any investor as described below in Item 6.

B. Payment of Fees.

- **Management Fee.** The Management Fee payable by each investor in the Fund is determined by the Fund’s administrator based on the market value of the investor accounts, as calculated by the administrator. The administrator also calculates the dollar amount of the Management Fee and generates an invoice that is sent to the Firm for review. Upon verification of the Management Fee amounts, the Firm’s Chief Compliance Officer, Paul Froehlich, will acknowledge and confirm the invoice amount via initializing the invoice. Stephen Bauer, on behalf of the Fund, will write a check from the Fund’s operation account to the Firm, which is the managing member of the Fund.
- **Performance Allocation (as discussed below in Item 6).** The Firm has separate capital accounts for participating capital — the investment return on performance fees allocated during the current fiscal year — and for contingent incentive fees — the part of the performance fee that has currently accrued but is not owed until the Performance Period (as defined below in Item 6) closes. The Fund administrator determines the amount of the fee based upon each investor’s capital account performance over the Performance Period. The CCO directs the Fund administrator on how the participating capital and contingent incentive fee accounts will be allocated once the books are closed. The Fund administrator then applies the fee to the appropriate capital accounts. At the end of the year, the Firm will test the Fund administrator’s performance fee calculations.

C. Other Fees and Expenses.

In addition to our advisory fees, the Fund is also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which THC effects transactions for the Fund. Furthermore, additional fund expenses include administrator expenses, interest charges on its borrowings, insurance costs (if any), filing fees, and fees payable to outside lawyers, accountants, auditors, and other service providers.

The Firm bears (1) all overhead expenses incurred in the operation of its business, such as salaries and the costs of office space, utilities, telephone, computer equipment, and computer services and (2) any costs of subscriptions to proprietary databases and other research costs with the exception of those items listed under Item 12 below.

D. Prepayment of Fees.

The Management Fee is paid in advance on the first day of each quarter. In the event that redemption takes place other than on March 31, June 30, September 30, or December 31, the Fund is entitled to receive a partial refund of the pre-paid Management Fee on behalf of the redeeming investor, as applicable. The amount of the refund is calculated on a pro-rata basis and is refunded to the Fund and credited to the redeeming investor's capital account as soon as practicable.

E. Additional Compensation and Conflicts of Interest.

We are not affiliated with any broker-dealers so we do not receive investment commissions on investment transactions. We do not buy or sell securities for our own proprietary account.

Item 6. Performance-Based Fees and Side-by-Side Management

The Fund makes a conditional performance allocation to the Firm (i) on an annual basis with a monthly accrual, or (ii) upon redemption by an investor from the Fund.

With respect to each capital investment in the Fund, for each Performance Period (as defined below) the Fund will make a performance allocation to the Firm of 20% of any excess of (a) the net realized and unrealized appreciation in the Fund's net asset value (after payment of the Management Fee and other expenses payable by the Fund, but before any accruals for the performance allocation) attributable to such capital investment over (b) the Performance Shortfall (as defined below) for that capital investment as of the end of the immediately preceding Performance Period.

A "Performance Period" means the period beginning with the date on which a capital investment was made and thereafter each period commencing as of the date immediately following the last day of the preceding Performance Period and in each case ending as of the close of business on each of the first to occur of: (a) the last day of the fiscal year of the Fund, (b) the redemption or transfer of all or a portion of the capital investment, or (c) the final distribution in connection with the liquidation or termination of the Fund.

The "Performance Shortfall" with respect to a capital investment as of the end of any Performance Period is the Performance Shortfall as of the end of the preceding Performance Period, increased

by any net capital investment loss or decreased (but not below zero) by any net capital investment profit, in each case determined with respect to such capital investment during that Performance Period.

The Firm retains the right to waive or reduce the performance allocation with respect to any investor and intends to do so for THC Affiliates.

There are no conflicts of interest with regard to side-by-side management as the Firm has only one client, which is the Fund.

Item 7. Types of Clients

We manage the investment activities of a single client, the Fund, a global long-short hedge fund. The minimum initial amount that may be invested in the Fund is \$250,000, although the Firm reserves the right to increase the minimum or to accept lesser amounts in its sole discretion.

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

A. Methods of Analysis and Investment Strategies.

The Fund's investment strategy involves the application of the "margin of safety" principle to investment in publicly traded securities on a global basis. The Firm combines "top down" and "bottom up" approaches to identify common stocks and other publicly traded securities available for purchase at a significant discount to the Firm's estimate of their intrinsic value. The Firm seeks to identify and purchase publicly traded equities at prices representing a sufficiently large discount to the Firm's intrinsic value estimates.

The Firm's "top down" approach seeks to identify global equity markets that appear to offer superior prospective returns. The Firm purchases and reviews valuation data from proprietary sources to identify global markets that appear attractively valued based on market aggregate price to earnings, price to sales, and price to book value ratios, dividend yields, and the Firm's estimate of price to replacement cost ratios. The Firm also evaluates macroeconomic conditions in potential target countries based on widely available data, such as historical and projected gross national product growth rates and changes in consumer price indices, as well as political risk and currency risk. Based on an overall assessment of market valuation, macroeconomic conditions, and political and currency risk, the Firm develops a list of countries that it believes offer superior prospective risk-adjusted returns.

After identifying markets that appear attractive from a "top down" perspective, the Firm then seeks to apply "bottom up" techniques to identify individual companies in those markets in which to invest. The Firm has developed a number of proprietary company "screens" that allow it to target securities within each country market that have characteristics associated with subsequent outperformance. These screens allow the Firm to develop a list of potential investee companies with characteristics that historically have been associated with very high levels of absolute and relative performance. The Firm then reviews detailed financial information for each potential

investment company obtained from annual and other periodic reports, company websites, stock exchange and other financial websites, financial databases, and, in some cases, telephone conversations with company executives and investor relations contacts. In general, the Firm seeks to invest in companies exhibiting some or all of the following characteristics.

- ***Attractive Valuation.*** Above all, the Firm seeks out securities trading at a substantial discount to the Firm's estimate of intrinsic value, taking into account all of the other factors listed below. The Fund's securities will generally have low price to earnings, price to book value, and price to sales ratios and high dividend yields, although these characteristics are not a pre-requisite for investment.
- ***Profitable History.*** The Fund favors companies with a consistent history of profitability and steadily increasing earnings. However, the Fund may purchase securities of companies in highly cyclical industries that experience occasional losses, provided that they have acceptable levels of overall profitability over the course of a full business cycle.
- ***Predictable, Stable Business.*** The Fund prefers to invest in companies that are not heavily dependent on a favorable macroeconomic environment, instead focusing on companies in defensive, stable industry sectors, such as food and beverages, branded consumer products, health care, media, and pharmaceuticals.
- ***Adequate Return on Invested Capital.*** The Fund prefers to invest in companies with average or above average returns on invested capital (*i.e.*, equity and funded indebtedness) over the course of a business cycle.
- ***Strong Balance Sheet.*** The Fund seeks to avoid companies employing significant financial leverage, and instead prefers companies with low levels of funded indebtedness, as measured by debt to stockholders' equity ratios.
- ***Strong Management.*** The Fund attempts to identify companies with strong management teams that have a proven track record of delivering value to stockholders. Although qualitative factors such as this are difficult to evaluate, the Firm examines such factors as insider ownership levels, candor in communications to stockholders, and the absence of excessive executive compensation or questionable related-party transactions.
- ***Insider Sponsorship.*** The Fund prefers companies in which insiders have been buying shares in the open market. The Fund also favors companies that have large ownership positions by investment firms that the Firm respects.

With the exception of attractive valuation, which is a characteristic the Firm seeks in all of the Fund's securities, specific holdings may lack one or more of the other characteristics. However, because most holdings exhibit a majority of these characteristics, they will also generally characterize the Fund's investment portfolio.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies.

Uncertain Future Investment Performance. The Fund's reported investment results are based on audited financial statements since January 1, 2005 and Performance Attestations for each quarterly and annual period from January 1, 2001 to December 31, 2004. Past performance is not necessarily representative of the Fund's future results. The investment strategies employed by the Fund since its inception in January 1999 may not produce similar results in a different investment climate in future years. Therefore, the Fund's ability to generate premium returns will depend on its ability to adapt to changing market conditions. The Firm expects that the amount of the Fund's investment capital may increase significantly in future years. The increased amount of capital under management could impair the ability of the Fund to invest a similar proportion of its investment capital in certain companies with relatively illiquid securities and small market capitalizations.

Risks of Portfolio Concentration. The Fund's investment portfolio is expected to be less diversified than a typical mutual fund registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Also, a relatively large percentage of the Fund's investment portfolio may, from time to time, be concentrated in equities in general and equities in emerging market countries in particular, whose markets have historically been closely correlated with each other, meaning that these positions have a tendency to rise or fall in unison. As a result, the Fund's investment portfolio may be subject to greater risk and fluctuations in net asset value than a more diversified investment vehicle.

Limited Liquidity. The interests in the Fund will not be registered under the Securities Act of 1933, as amended, and their transfer will be limited under federal and state securities laws. There will be no public or private market in which the interests in the Fund may be sold. In addition, the Limited Liability Company Agreement of the Fund imposes significant other restrictions on the transfer or redemption of interests, making an investment in the Fund suitable only for investors whose financial situations permit them to bear the limited liquidity offered by the Fund. Therefore, prospective investors should not rely on the Fund as a source of short-term liquidity. The Firm also has the power to limit redemptions (in whole or in part) under certain extraordinary circumstances, including during any period when trading is suspended for a material portion of the Fund's investments. Accordingly, an investment in Fund is only suitable for a person who has no present need for liquidity and can bear the risk of the investment for an unlimited period of time.

Benchmark Risk. The Firm invests independent of any market index or benchmark and does not intend to replicate the returns of any market index or benchmark of any country or region. As a result, investors may experience returns that differ significantly from those of the market index or benchmark of any country or region. However, for illustrative purposes only, the Firm does include benchmark performance in its quarterly reports to investors.

Use of Leverage, Short Selling, and Derivative Instruments. The Fund may employ financial leverage, short selling, and derivative instruments. The Fund may engage in short selling, subject only to the restriction that it may not establish a new short position or add to a short position at any time when short positions represent 50% or more of the Fund's net asset value (calculated without regard to short positions).

The Fund may leverage its securities positions by borrowing funds from securities broker-dealers, banks, or others, or by trading on margin. It may also guarantee the obligations of others, provided

that the Fund may not incur any additional indebtedness or guarantee the obligations of any other party at any time when the aggregate amount of the Fund's outstanding borrowings and guarantees (other than short positions) equals or exceeds 25% of the Fund's net asset value.

The Fund may also purchase derivative instruments that are inherently leveraged. The Fund will not invest more than 20% of the Fund's net asset value (measured at the time of investment) in options, futures, or other derivative instruments. The use of leverage or derivative instruments in the Fund's investment program may have the effect of magnifying losses in the underlying investments.

Risks of International Investment. The Firm may invest a portion of the Fund's assets in equity securities of foreign companies. Some of these investments are in the form of American Depositary Receipts representing underlying securities of foreign issuers held on deposit in the United States, while others are in the form of direct investments in the securities of foreign issuers themselves. Investments in securities of companies and governments of foreign nations involve unique risks that are in addition to the usual risks inherent in domestic investments. These risks include:

- ***Country Risk.*** The securities markets of a particular country may weaken as the result of political upheaval, financial troubles, or a natural disaster. Emerging market countries tend to have higher country risk than developed nations. At various times, the Fund has maintained equity positions in Argentina, China, Egypt, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, the Philippines, Russia, South Africa, Taiwan, Thailand, and Vietnam and therefore has borne a higher degree of country risk at such times than that of a fund invested principally in developed markets.
- ***Currency Risk.*** The value of the Fund's investment in foreign securities will fluctuate in U.S. dollar terms based on changes in the value of the currencies in which the investments are denominated against the U.S. dollar. Therefore, any devaluations in the currencies in which the Fund's portfolio securities are denominated may have a detrimental impact on the Fund. Some countries in which the Fund may invest may also have fixed or managed currencies that are not free-floating against the U.S. dollar. Further, certain currencies have experienced devaluation relative to the U.S. dollar. Certain countries also have imposed controls on foreign investment and have local practices disfavoring foreign investors and limitations on repatriation of invested capital, profits, and dividends, and on the Fund's ability to exchange local currencies for U.S. dollars. The Fund generally does not intend to hedge the currency risk associated with its foreign investments.
- ***Uneven Disclosure.*** In many foreign nations, publicly available information regarding issuers generally is less complete and reliable than the reports and ratings published about U.S. companies. Foreign companies generally are not subject to uniform accounting, auditing, and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to U.S. companies.
- ***Inflation and Other Macroeconomic Factors.*** Certain countries in which the Fund may invest have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have

negative effects on the economies and securities markets of these countries. Moreover, the economies of some developing countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, and balance of payments position.

- ***Liquidity.*** Foreign markets have substantially less volume than the New York Stock Exchange, and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Therefore, the Fund may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio and calculating its net asset value.
- ***Trading Costs and Settlement Risk.*** Commission rates in foreign countries, which are generally fixed rather than subject to negotiation as in the United States, are likely to be higher than those in the United States. In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the United States. The Fund may also experience delays in settling portfolio transactions or losses as a result of inferior share registration and custody systems in some emerging market countries.
- ***Risk of Confiscation.*** Despite the recent global trend away from communism and other regimes favoring state ownership of businesses, investments in certain countries with a history of state-owned businesses entail a higher risk of nationalization, expropriation, and confiscatory taxation. Communist governments have in the past expropriated large amounts of private property, in many cases without adequate compensation, and there can be no assurance that such expropriation will not occur in the future. In the event of such expropriation, the Fund could lose a substantial portion of any investments it has made in the affected countries.
- ***Risk of Major Market Dislocations.*** Major market dislocations have occurred sporadically for both short and prolonged time periods. Such occurrences include 1929, a portion of the 1930s, portions of 1973 and 1974, October 1987, August 1998, September 2001, and the Great Financial Crisis of 2008. Major market dislocations adversely affect almost all investments, and the Fund's investments are not likely to be immune from the effects of the next major market dislocation.
- ***Securities Held by Third Parties.*** Because securities of the Fund held by brokers are generally not held in the Fund's name, a failure of any such broker is likely to have a greater adverse impact on the Fund than if such securities were registered in the Fund's name. The Firm expects that most of the Fund's assets will be custodied with a prime broker or in direct accounts with established securities firms.
- ***Possibility of Forced Redemption.*** The Firm may require an investor to redeem all or any portion of its interests under such circumstances as it deems appropriate. Redemption payments are subject to allocation of expenses, the performance allocation, and reserves. The Firm may exercise its right to require an investor to redeem the investor's interest, in whole or in part, in a variety of circumstances, including (1) to limit the number of investors to maintain the Fund's exemption from registration under the Investment Company Act or (2) to eliminate investors that are not "qualified clients" as defined in Rule 205-3 promulgated under the Investment Advisers Act of 1940 (the "Advisers Act"), as amended,

unless such investors are legally permitted to remain as investors and pay performance-based fees pursuant to regulations promulgated by the SEC or other applicable authority. In addition, the Firm may, in its sole discretion, dissolve the Fund at any time.

- ***Disclosure of Underlying Positions.*** The Firm is not required to disclose the Fund's investment positions to investors. This lack of disclosure may impair the ability of the investors to assess the economic risks associated with their investment in the Fund and limit their ability to manage an overall asset allocation strategy taking into account their interest in the Fund.
- ***Differing Terms.*** Investors will be subject to different fee and compensation arrangements and, accordingly, the returns to investors in the Fund may vary significantly depending on the fee and compensation terms applicable to each investor. The Firm has the right, in its sole discretion, to impose different fees or performance-based allocations or compensation arrangements (including but not limited to fees and compensation that are higher, lower, calculated in a different manner or payable at different times) on an investor, without notice to other investors.
- ***Issuer Risks.*** The issuers of securities that the Fund invests in will sometimes involve a high degree of business and financial risk. These companies may be in early stages of development, may not have proven operating histories, may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion, or to maintain their competitive position, or may otherwise have a weak financial condition.
- ***Accuracy of Public Information.*** The Firm selects investments for the Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates all such information and data and ordinarily seeks independent corroboration when the Firm considers it is appropriate and when it is reasonably available, the Firm is not in a position to confirm the completeness, genuineness, or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks).

The Fund may invest in securities of small and micro capitalization companies and recently organized companies. Small and micro capitalization companies generally are not as well known to the investing public and have less of an investor following than larger capitalization companies. The securities of small and micro capitalization and recently organized companies pose greater investment risks because such companies may have limited product lines, distribution channels, and financial and managerial resources. Further, there is often less publicly available information concerning such companies than for larger, more established businesses. Investments in companies with limited operating histories are more speculative and entail greater risk than do

investments in companies with an established operating record. Additionally, transaction costs for these types of investments are often higher than those of larger capitalization companies.

The Fund's investments in foreign companies are subject to the risks described in "Risks of International Investing" in paragraph B above.

Item 9. Disciplinary Information

This Item is not applicable as the Firm and its employees do not have any disciplinary record.

Item 10. Other Financial Industry Activities and Affiliations

Stephen Bauer, CEO and Chief Investment Officer of the Firm, is an officer and director of C.H. Winans Company, which is a private, family-controlled New Jersey Subchapter S corporation.

Mr. Bauer is also a member of the Investment Committee of the Holton-Arms School in Bethesda, MD. The committee reviews the performance of the school's endowment, which is managed by an institutional investment adviser.

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

The Firm has adopted a Code of Ethics pursuant to SEC Rule 204A-1 that obligates the Firm and its employees to put the interests of its clients before its own interests and to act honestly and fairly in all respects in dealings with its clients. All of the Firm's personnel are also required to comply with applicable federal securities laws.

The Code of Ethics describes the Firm's fiduciary duties and responsibilities to its clients and sets forth a practice of supervising the personal securities transactions of its employees with access to client information. Employees of the Firm may buy or sell securities for their personal accounts identical to or different from those recommended to the Firm's clients. It is the Firm's expressed policy that employees must put the interests of clients ahead of their personal investment decisions.

To supervise compliance with the Code of Ethics, the Firm requires that anyone associated with it that has access to advisory recommendations provide duplicate copies of brokerage account activity and annual securities holdings reports to the Firm's Chief Compliance Officer. It is also required that such employees receive approval from the Chief Compliance Officer prior to investing in any initial public offerings (IPOs) or private placements.

The Code of Ethics further includes a policy prohibiting the use of material non-public information.

Any individual not in observance of the above may be subject to discipline.

A complete copy of the Firm's Code of Ethics will be provided to any client upon request to the Firm's Chief Compliance Officer at its principal address.

B. Client Transactions in Securities where Adviser has a Material Financial Interest.

The Firm has no material financial interest in, nor affiliation with, any issuer that would be considered in conflict with its client, the Fund. Further, the Firm does not buy or sell securities of any kind for the Firm's own account for the purpose of reselling to clients. Trades are not conducted between the Firm's own accounts and client accounts.

C. Investing in Securities Recommended to Clients.

Sometimes an employee will invest in the same securities or related securities that the Firm purchases for the Fund. The Chief Investment Officer maintains an approved list of securities ("Approved List"), and employees may trade any security on such Approved List without any additional approval required until such time as the security is removed from the Approved List. The Approved List is re-distributed to employees whenever the list is modified. Except for the foregoing, employees may purchase or sell a reportable security or reportable fund in a personal account only with the prior written approval of the Chief Investment Officer (which may be by e-mail). To obtain an email approval, the employee must send an email to both the Chief Investment Officer and the Chief Compliance Officer requesting to trade the security and will receive an email response. The Chief Investment Officer will notify the Chief Compliance Officer prior to making any purchase or sale of a reportable security or reportable fund in a personal account he owns or in which he has a beneficial interest.

D. Conflicts of Interest Created by Contemporaneous Trading.

If both the Fund and an employee are purchasing a security contemporaneously, the Firm will always execute the purchase for the Fund before the employee is permitted to execute the purchase. Likewise, if both the Fund and an employee are selling a security contemporaneously, the Firm will always execute the sale for the Fund before the employee is permitted to execute the sale.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

1. Client Brokerage Transaction Allocation.

It is the Firm's policy to achieve best execution when it places orders for client trades with broker-dealers. The Firm must execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

To this end, the Firm considers the full range and quality of a broker-dealer's services in placing brokerage transactions including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to the Firm.

Best execution does not necessarily mean the lowest possible commission cost, but whether the transaction represents the best qualitative execution for the client.

- **Broker-Dealer Selection.** The following steps will be taken when selecting broker-dealers to execute client trades:
 - a. List of Approved Broker-Dealers and Allocations. The Firm will create a list of broker-dealers approved to execute client trades.
 - b. Evaluation of Broker-Dealer Performance. The Firm will monitor and evaluate broker-dealer execution performance on an ongoing basis by reviewing commission summaries, transaction reports, and failed trades.
- **Conflicts of Interests.** When selecting broker-dealers to execute client trades, the Firm will be sensitive to the following conflicts of interest and, where necessary, shall address such conflicts by disclosure, client consent, or other appropriate action:
 - a. the receipt of soft dollar/client commission from a broker-dealer; and
 - b. receiving client referrals or other marketing services from a broker-dealer.

2. Research and Other Soft Dollar Benefits.

The Firm reserves the right to participate in soft dollar arrangements under the Section 28(e) safe harbor provisions (“Section 28(e)”) pursuant to which a securities brokerage firm or other party bears research costs that would otherwise be borne by the Firm, provided that any such arrangements are disclosed in the Fund’s Annual Report for the relevant year.

Section 28(e) provides a “safe harbor” to investment advisers who use commission dollars of their advisory accounts (so-called “soft-dollar/client commission” arrangements) to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the investment adviser in performing investment decision making responsibilities; provided, that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. When the Firm uses client brokerage commissions (or markups or markdowns) and receives soft dollar benefits in the form of research or other products, or services, it receives a benefit because it does not have to produce or pay for the research, products, or services. This may create an incentive for the Firm to select or recommend a broker-dealer based on the Firm’s interest in receiving the research or other products or services, rather than on the Fund’s interest in receiving the most favorable execution.

The Firm may utilize allocations of commission dollars generated by a client account solely to pay for (i) certain expenses which would otherwise be borne by the client (and which therefore do not involve the conflict of interest issues normally presented by soft dollar/client commission arrangements) and/or (ii) products or services that qualify as “research and brokerage services” within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of

Section 28(e). Since the only client of the Firm is currently the Fund, equitable trade allocation for soft dollars between Firm clients is not an issue.

Research and brokerage services may include, without limitation: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel; and software, databases, and other technical and telecommunication services utilized in the research process. Research obtained by the use of commissions arising from a client's transactions may be used by the Firm in connection with servicing other client accounts. Again, because the only client of the Firm is currently the Fund, research obtained by the use of commissions from the Fund is not an issue in servicing other client accounts.

The Firm will not engage in soft dollar practices falling outside the scope of qualified research services within the meaning of Section 28(e).

If a product or service is determined to be a mixed use item, appropriate documentation will be required when making the decision on a reasonable allocation cost between hard and soft dollar/client commissions. Adequate records will be maintained to support these allocation decisions.

Periodically, the Firm shall review all soft dollar/client commission agreements, the commissions charged by broker-dealers who provided soft dollar/client commission credits directly or indirectly, and the execution quality of such broker-dealers. Based on such reviews, the Firm shall allocate future trade orders in a manner aimed at achieving the best execution for its clients. Furthermore, the CCO will monitor the development of the SEC's interpretative guidance on Section 28(e) and will modify the Firm's use of soft dollar/client commissions to the extent deemed appropriate to comply with the SEC's interpretive guidance on Section 28(e).

The Firm continues to have an arrangement with Bloomberg, L.P. that the Firm believes merits disclosure, whether or not it is technically a "soft dollar" arrangement. The Firm uses Bloomberg's Tradebook as a broker to execute some of the Fund's securities trades. The Firm believes that Tradebook's interface, quality of execution, customizable proprietary trading algorithms, and anonymity make it the best platform on which to execute certain transactions. Tradebook credits a portion of commissions paid by the Fund against the Firm's Bloomberg terminal charges, provided that certain dollar thresholds are met. This credit is not available in any other form and does not increase the commissions paid by the Fund to Tradebook.

The Firm makes decisions on how to allocate trading activity among competing brokers based on the overall quality of execution and platform functionality without regard to the terminal credits provided by Tradebook.

3. Brokerage for Client Referrals.

The Firm does not and has not received any direct client referrals from any broker-dealers in exchange for brokerage business. The Firm's prime brokers do have capital introduction ("Cap Intro") departments that introduce employees of the Firm to qualified institutional investors. Cap Intro is one of many factors considered in originating a relationship with a prime broker, but it is

not a part of the consideration in selecting a broker-dealer to execute trades for the Fund. The Firm makes decisions on how to allocate trading activity among competing brokers based on the overall quality of execution and platform functionality without regard to the Cap Intro services provided by its prime brokers.

No additional compensation is paid by the Firm for Cap Intro services.

4. Directed Brokerage.

The Firm does not routinely recommend, request, or require the execution of transactions through a specified broker-dealer. Additionally, the Firm does not have any directed brokerage arrangements and does not permit directed brokerage arrangements at this time.

B. Order Aggregation.

The Firm does not aggregate transactions when we purchase or sell the same security across multiple client accounts as the Firm currently has only the Fund as a client. Therefore, since the only client of the Firm is currently the Fund, equitable trade allocation between Firm clients is not an issue. However, if the Firm opens a new client account (i.e., another private fund, unregistered investment pools, managed accounts, etc.), the Firm will adhere to a trade allocation policy and its related procedures as set forth in the paragraph below.

No Firm client will be given investment priority over any other client. However, each client may have separate investment objectives and investment restrictions which the Firm will be required to follow. As a result, certain investment opportunities may be appropriate for certain Firm clients and not appropriate for other Firm clients. If a client qualifies for participation in the purchase of a specific security or investment opportunity, the Firm will, in general, allocate the securities among the client and the Firm's other clients for which the security or investment opportunity is appropriate, by applying such considerations as the Firm deems appropriate, including relative size of such entities, amount of available capital, size of existing positions in the same or similar securities, leverage and tax considerations and other factors. The CCO shall periodically review trade/investment opportunity allocation practices of the Firm's portfolio manager(s) in order to ensure that the Firm's trade/investment opportunity allocation practices are being implemented by the Firm's portfolio manager(s) in a manner that is fair and equitable to the Firm's clients.

Employee personal securities transactions will not be included in any aggregated trades.

Item 13. Review of Accounts

The underlying securities within the Fund are continuously monitored by Stephen Bauer, the Firm's Chief Investment Officer. Paul Froehlich, the Firm's CCO, conducts monthly reviews of the portfolio and the brokerage accounts for compliance purposes.

The Firm maintains a spreadsheet of the Fund's holdings that is reconciled to the brokerage statements at the end of each month by the CCO, Paul Froehlich. The Fund administrator, SS&C ALPS, reviews the Fund activity independently. The CCO compares the Firm's spreadsheet to the

financial statements prepared by the Fund administrator. As part of this comparison the Fund's portfolio is reviewed for discrepancies in holdings and/or valuation. The CCO also reviews the holdings in the context of the Fund's stated investment objectives and guidelines.

Moreover, the Firm reviews the Fund's portfolio at the end of each calendar quarter as a part of the process in writing the quarterly report to investors.

A. Frequency and Nature of Review.

The Fund's portfolio is reviewed on a formal basis both monthly and quarterly, as stated above. The Fund is the only client of the Firm at this time; therefore, only the Fund is reviewed.

B. Periodic Reviews

The Firm reviews client accounts both monthly and quarterly as stated above.

C. Content and Frequency of Regular Account Reports.

The Firm sends quarterly written reports and statements to investors, which include the quarter-to-date and year-to-date performance of the Fund as a whole versus two benchmarks, the S&P 500 and the MSCI AC World indices. Historical annual returns are also provided along with an investment outlook, which may be considered a forward looking statement. The Firm does not make forward looking statements about the Fund's future expected performance. The only information in the investment outlook section of the periodic reports that might be considered forward-looking statements are based on the Firm's current expectations and assumptions regarding the economy and future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances. The actual outcomes with regard to these matters may vary materially from those implied in any forward-looking statements.

The independent third party administrator produces monthly account statements for each investor which shows the investors' capital account balance and performance on a month-to-date, quarter-to-date, and year-to-date basis. The Firm also provides investors of the Fund with its own statement on a semi-annual basis which highlights the complete historical additions and withdrawals of capital. The Firm encourages its investors to compare the reports received from our Firm with those of the third party administrator.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits Received from Non-Clients for Providing Services to Clients.

The Firm does not accept or receive any benefits (cash or non-cash) other than its management fee and performance allocation in relation to its investment advisory business.

B. Compensation to Non-Supervised Persons for Client Referrals.

We do not directly or indirectly compensate anyone or any entity for client referrals.

Item 15. Custody

Currently, the Firm is deemed to have custody of client assets, including cash and securities, since it is the managing member of the Fund. Since the Firm currently advises one pooled investment vehicle, the Fund, that is audited annually and because the Firm distributes the Fund financial statements audited by a PCAOB-registered accountant to all Fund investors within 120 days of the end of its fiscal year, it is deemed to be exempt from the special reporting requirements of the custody rule. The Firm's qualified custodian/fund administrator provides quarterly account statements to Fund investors, as described above in Item 13.

Item 16. Investment Discretion

The Firm has full and complete discretion as to the timing, amount and priority of implementation and selecting the specific investments to be purchased and sold for the Fund.

Item 17. Voting Client Securities

The Firm's proxy voting policy (the "Proxy Voting Policy") applies to the voting of proxies by the Firm for those client accounts (*i.e.*, the Fund) over which the Firm has proxy voting authority. Upon request, we will provide clients with a copy of our Proxy Voting Policy and actual votes cast on their behalf.

A. Policies and Procedures Relating to Our Authority to Vote Client Securities.**Proxy Voting Policy**

The Proxy Voting Policy is designed to ensure that the Firm complies with the requirements under the Advisers Act and fulfills its obligation with respect to proxy voting, disclosure, and record keeping. The Firm's objective is to ensure that its proxy voting activities on behalf of its clients are conducted in a manner consistent, under all circumstances, with the best interest of the clients.

The Firm monitors corporate actions, receives and votes client proxies according to this Proxy Voting Policy, discloses any potential conflicts of interest, and maintains relevant and required records.

Proxy Voting Procedures

This Proxy Voting Policy applies to the voting of proxies by the Firm, for those client accounts (*i.e.*, the Fund) over which the Firm has proxy voting authority.

The Firm, as a matter of policy and as a fiduciary to investors in the Fund, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the Fund and its respective investors. The Proxy Voting Policy is to generally not vote proxies. However, if after reviewing proxy notifications sent by the prime brokers, the Firm believes that either (i) the

outcome of the vote may significantly impact the Fund, either positively or negatively, or (ii) it is otherwise in the best interests of the Fund and its investors to vote on such matter, then the Firm will vote in what it believes to be the best interests of the Fund. Such situations may but will not necessarily include votes on extraordinary corporate actions such as a proposed merger or acquisition of the issuer or a tender offer for outstanding securities of the issuer.

The Firm has the responsibility for voting proxies on behalf of the Fund. The Fund's prime brokers send proxy notifications to the Firm, which are reviewed by the CCO on a regular basis. If the Firm makes an election to vote the proxy via the prime broker's website, an e-mail confirmation of the proxy is sent to the Firm, which is maintained in the Firm's books in records. In accordance with Rule 204-2 of the Advisers Act, the Firm will maintain documentation which formed a basis for the Firm's voting decisions.

The CCO has the responsibility of ensuring that the Firm complies with the Proxy Voting Procedures. When the Firm votes a proxy, the CCO will make a record of the reason(s) for the vote and retain such record in a file.

The Firm may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. The Firm, its affiliates and/or its employees may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

Clients may obtain information on how their proxies were voted by contacting the CCO of the Firm at (301) 789-2498 for a proxy voting record.

Item 18. Financial Information

The Firm does not believe there is any existing financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable since the Firm is registered with the SEC.