

FIRM BROCHURE
FOR
RAFFLES CAPITAL MANAGEMENT, LLC

A Delaware limited liability company

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Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of Raffles Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (212) 760-2369 or by email to james@raffleslp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Although this document may refer to Raffles Capital Management, LLC as “registered” or a “registered investment adviser,” registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This is an annual amendment and Raffles Capital Management, LLC has no material changes to report. If Raffles Capital Management, LLC makes any material changes to its Form ADV Part 2A in the future, Raffles Capital Management, LLC will revise this section to include a summary of such changes and reference the date of such changes.

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ITEM 4: ADVISORY BUSINESS

Raffles Capital Management, LLC (“Raffles”) is a Delaware limited liability company formed in May 1996 with its principal place of business located at One Penn Plaza, 36th Floor, New York, NY 10119. Raffles is controlled by Mr. Paul H. O’Leary who has the overall responsibility for the day-to-day supervision and management of Raffles’ business.

At this time, Raffles provides investment advice solely to one private investment fund, Raffles Associates, L.P., a Delaware limited liability company (the “Fund”). The Fund is what is commonly referred to as a 3c-1 fund (referring to a section of the Investment Company Act of 1940, as amended) and the Fund is open to investors that satisfy the “qualified client” standard of the Advisers Act. The general partner of the Fund is Raffles Capital Advisors, LLC, a Delaware limited liability company (“RCA”), which is also controlled by Paul H. O’Leary.

Raffles directs the investment program of the Fund on a discretionary basis using a “value” based investment strategy, as described in *Item 8: Method of Analysis, Investment Strategies and Risk of Loss*. Raffles conducts its own fundamental research of a wide range of companies to determine their qualification for initial and continuing investment by the Fund. As part of its investment strategy, the Fund may invest and trade in a variety of securities, including equity, debt or convertible securities, options, domestic and foreign securities and non-publicly traded securities.

Raffles provides portfolio advisory and management services to the Fund based on its investment objectives, not based on the criteria or investment objective of any individual investor that contributes assets to the Fund (an “Investor”). Services are provided to the Fund in accordance with an advisory agreement between Raffles and the Fund and/or the organizational documents of the Fund.

Raffles does not participate in wrap fee programs.

As of December 31, 2019, Raffles managed approximately \$173,370,442 on a discretionary basis. Raffles does not manage any assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

The offering documents for the Fund set forth the specific fees and other material terms regarding an investment in the Fund. All Investors must pay a management fee to Raffles. The management fee for the Fund is charged quarterly, in advance, at the rate of 0.25% of the net assets attributable to each of the Investors. Investors pay the management fee on the first day of each calendar quarter. RCA, the general partner of the Fund, also receives an annual performance-based allocation from each Investor in the amount of 20% of profits that exceed a quantitatively-determined threshold rate. This performance-based allocation is more fully described in *Item 6: Performance-Based Fees and Side-by-Side Management*. The management fee and the performance-based allocation are fixed, but Raffles or RCA, as applicable, has the sole discretion to waive or reduce either of these with respect to any Investor.

Under the terms of its advisory agreement with the Fund, Raffles deducts the management fee mentioned above directly from the Fund. No portion of the management fee is refundable if an Investor withdraws during a calendar quarter. Investors are not charged any redemption fees.

Through the Fund, each Investor indirectly pays for its share of all costs and expenses directly related to investment transactions, including insurance costs, accounting fees relating to the Fund's outside accountants, legal fees and expenses, including, but not limited to, fees and expenses incurred in connection with negotiating and entering into contracts and defending the Fund in any action or legal proceeding, legal fees related to investment and all direct trading expenses, expenses incurred in connection with the offering, marketing and sale of limited partnership interests, regulatory expenses (including filing fees), expenses relating to brokerage commissions, consultant and professional fees and costs, employee compensation and benefits, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other custodial expenses. Raffles pays for its own direct operating expenses including rent, costs of administrative personnel, database subscriptions, research costs, and travel and entertainment costs, without reimbursement from the Fund.

Neither Raffles nor its principal or any executive officer or employee accepts commissions or other compensation for the sale of interests in the Fund or in connection with the purchase or sale of any securities for the Fund.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In addition to the management fee paid to Raffles, its affiliated company, RCA, receives a non-refundable performance-based allocation (the "Performance-Based Allocation") from Investors who meet the requirements of "qualified clients" under the Advisers Act or have been grandfathered under the provisions thereof. The Performance-Based Allocation is payable annually at the beginning of each year based upon performance in the prior year in an amount equal to 20% of the Fund's net profits that exceed the threshold rate. The threshold rate is the average of the federal funds rate at the beginning of each quarter during the year, minus 50 basis points (0.5%), although the rate cannot exceed 8% for any year. RCA only receives a Performance-Based Allocation if the Fund's net profits exceed the threshold rate for any year. The Performance-Based Allocation is also subject to a "high water mark" so that RCA is only entitled to receive the Performance-Based Allocation from any Investor if profits for that period are sufficient to recoup all prior losses allocated to the Investor's account, thus surpassing the previous "high water mark." For purposes of calculating the Performance-Based Allocation, net profits include both realized and unrealized gains. If an Investor makes a withdrawal during the fiscal year, RCA will calculate the net profits and threshold rate on a prorated basis and charge the Performance-Based Allocation as of the effective date of withdrawal.

The existence of the Performance-Based Allocation could theoretically incentivize Raffles to manage the Fund portfolios in a more aggressive, risky manner; however, Raffles attempts to minimize this risk by ensuring that it is managing the Fund's portfolio in accordance with the Fund's stated investment objectives. In addition, the Performance-Based Allocation received by

Raffles is based on both realized and unrealized gains and losses. As a result, the Performance-Based Allocation earned could be based on unrealized gains that Investors may never realize.

Although Raffles has the authority to manage the accounts of other clients and funds, it does not currently manage any accounts outside of the Fund. All transactions for the Fund are allocated to Investors proportionally based on their capital account balance, so Raffles is not subject to any conflict of interest that could otherwise be present if some accounts or Investors were charged a performance-based allocation and others were not. In the event Raffles were to perform advisory services for another client or fund, it would perform its responsibilities in accordance with its fiduciary duties and not allow any potential conflicts to influence that performance. Allocations between accounts would be allocated on a pro rata basis based on assets under management or in some other manner as Raffles would determine to be fair and equitable under the circumstances.

ITEM 7: TYPES OF CLIENTS

Raffles provides investment advisory services to the Fund and not individually to the Investors in the Fund. The Fund requires newly admitted Investors to be “qualified clients” under the Advisers Act. Additionally, the Fund has a minimum investment requirement of \$250,000 for Investors, although this minimum may be waived or reduced as provided in the Fund’s offering documents.

ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

All Investors receive a Private Placement Memorandum (a “PPM”) and other offering documents before being given the opportunity to invest in the Fund. The PPM discusses in detail the investment objectives, investment strategy and risk factors relating to an investment in the Fund. The following is a summary of the information that appears in more detail in the PPM, which should be reviewed by all potential Investors.

Introduction

Raffles’ investment objective is to achieve superior long-term capital appreciation while minimizing the risk of permanent capital loss. This objective is pursued by purchasing securities at significant discounts to Raffles’ estimate of their true economic value. This approach to investing is commonly referred to as “value investing.” Raffles believes that a diligent and disciplined application of this investment approach will produce favorable returns to long-term Investors. Regardless of the investment strategy, potential Investors should be aware that investing in securities involves risk of loss that Investors must be prepared to bear.

INVESTMENT STRATEGY

The Fund seeks to attain its investment objective by utilizing a value-based strategy which it applies in an opportunistic manner. Value investing is the discipline of buying securities that, in the opinion of Raffles, are selling at an appreciable discount from their underlying value and holding them until some or all of their value is realized. By purchasing securities at significant discounts from

their conservatively appraised underlying value, Raffles hopes to provide a “margin of safety” that mitigates the possibility of permanent capital loss. This margin is achieved by purchasing securities when they sell at a discount to their intrinsic or economic values. Any specific security may not turn out to be a good investment, due to changes in the company’s or industry’s prospects or an error in the initial evaluation, but a portfolio of securities purchased with a margin of safety may guard against capital loss and ultimately provide for capital appreciation.

Raffles also searches for attractive opportunities to sell “short” securities that it believes are significantly overvalued, meaning that, in the opinion of Raffles, they are selling at an appreciable premium to their fundamental value. The Fund does not seek to create an equal dollar weight of long and short positions (i.e. market neutral) and historically has had a “net long” bias, meaning that the majority of its portfolio has consisted of “long” positions.

When searching for undervalued or overvalued opportunities, Raffles embraces a broad and eclectic approach and researches a wide range of geographical regions, industries and asset classes. As such, the Fund’s investments are not restricted to any particular category or area and vary over time. Raffles seeks to identify opportunistic catalysts which, when activated, will hasten the realization of underlying value. Raffles relies primarily on its own fundamental research.

Although not a focus of its investment strategy, Raffles at times does use modest levels of leverage afforded by margin borrowings. Leverage involves the use of borrowed funds to increase the amount of invested capital in its long or short securities positions. The use of leverage magnifies the investment results achieved, whether positive or negative, as compared to what would be achieved if no leverage were employed.

Raffles also believes that the Fund is better served by concentrating on a smaller number of securities which Raffles knows a great deal about rather than focusing on a broader universe of less familiar securities. The Fund’s portfolio is not highly diversified and substantial positions may be taken in the securities of one or a few select companies. However, Raffles currently anticipates that no investment (at cost) will have a value of more than 15% of the Fund’s total equity.

Identification of Investment Opportunities

The Fund seeks to invest in unrecognized, misunderstood and/or out of fashion securities. Raffles believes that, while markets are efficient in many ways and the number of highly intelligent investment analysts is large, several factors serve to create investment opportunity for the Fund: the market’s obsession with short-term investment results; increasing indexation; the burdens of size; institutional constraints on investments; and the immutable role of fear and greed in the human psyche, which causes illogical investment behavior or herd mentality. To glean information useful in identifying investment opportunity, the managers of Raffles scour numerous newspapers, periodicals, trade publications, annual reports, SEC filings, insider trading data and information available through the Internet and on-line services. Raffles has also built up a substantial network of contacts among brokers, money managers, analysts and company executives that are useful sources of information and investment ideas and, on occasion, retains consultants with specialized knowledge.

Types of Investments

The Fund's capital is invested primarily in publicly-traded equity securities as well as debt and so-called hybrid securities (such as convertible securities), and in options, rights and warrants. Nevertheless, in the interest of both preserving capital and taking advantage of profit opportunities, Raffles retains the flexibility to invest in a variety of situations and use a broad range of specialized investment techniques.

The Fund may invest in the securities of foreign issuers, including those traded overseas as well as those traded in the United States, and in exchange-traded funds ("ETFs") which it uses primarily for hedging purposes. Although not a focus of the Fund's trading strategy, the Fund may engage to a limited degree in trading of physical commodities, commodity futures, financial futures or foreign currencies, either as a hedge against the risk of a specific investment or as to the portfolio as a whole or for opportunistic purposes. Commodities trading, if any, is controlled to maintain Raffles' exemption from registration as a commodity pool operator with the Commodities Futures Trading Commission. Raffles may also invest in selective situations in the securities of private companies whose resale is restricted under applicable securities laws ("restricted securities"). Such securities are valued at the lower of cost or market value, until such time as any trading restrictions are lifted. Certain of the Fund's portfolio securities may not be widely traded and the Fund's position in such securities may be substantial in relation to the public market ("float") for such securities.

RISKS RELATING TO INVESTMENT MANAGEMENT AND TECHNIQUE

Investing in the Fund involves a high degree of risk for the Investor and is suitable only for persons having substantial financial resources who understand the long-term nature, the consequences, and the risks associated with the investment strategy utilized by Raffles. Some of those risks are summarized below. Prospective Investors should carefully consider all the risks, which are described in detail in the PPM of the Fund distributed to all potential Investors in advance of their decision whether to invest in the Fund. Prospective Investors are also advised to consult their own legal, tax, and financial advisers about these risks and generally about an investment in the Fund.

Overall Investment Risk and Economic and Market Conditions. Securities investing, trading and other investment activities involve a high degree of risk of loss that Investors must be prepared to bear. There can be no assurance that the Fund will be profitable or that the Fund will not incur losses or that any future distribution will be made to the Partners. Fund expenses may also exceed income. Neither prior successful investment management performance, recommendations or analysis by Raffles or any of its principals, nor any future successful Fund performance, may be relied upon as assuring further successful performance. Many unforeseeable events, including actions by various government agencies, such as the Federal Reserve Board, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the Fund. None of these factors are within the control of Raffles.

Raffles' Approach. There are two primary risks relating to the Fund's value-based investment strategy. First, Raffles may err in its assessment of the underlying value of particular investments. In other words, the spread between Raffles' perception of intrinsic value and market value (commonly

referred to in value investing as the “margin of safety”) proves to be insufficient (because of changes in business value, fraud, Acts of God or other events) to protect the investment or investments from loss. Second, the perceived discount to intrinsic value of the Fund’s investments may remain wide or widen further. This risk is heightened if the Fund becomes fully invested at the beginning of an extended decline in market averages, i.e. a “bear market.” Raffles seeks to mitigate this risk by preferring investments that have “catalysts” in place that should act to hasten or otherwise ensure the narrowing of the underlying discount. However, there is also a risk that the catalyst event does not occur or that it does occur but does not have the expected effect on market price.

Risk of Underperformance. By its nature, value investing is a contrarian approach that requires its practitioner to make investments that are out of favor with the majority of investors. Because Raffles intends to implement and remain committed to a value investing strategy, there may be quarters or years where the Fund’s investment results “underperform” market averages or other popular investment strategies such as momentum investing, sector rotation and leveraged macro investing.

Long Term Nature and Illiquidity of Investment. The successful implementation of a value-based investment strategy requires a long term investment horizon and the willingness to trade illiquidity for a bargain price. Investors that foresee short term cash needs, or are uncomfortable with illiquid investments, should not invest in the Fund.

Concentration of Investments. The Fund’s investment portfolio, on account of size, investment strategy and other considerations, may at times be confined to the securities of relatively few issuers. Although Raffles does not intend to invest more than 15% (at cost) of the Fund’s total equity in any single issuer, there are no limits regarding concentration as to industries or types of investments. Accordingly, by concentrating investments in several, relatively large security positions relative to Fund capital, a loss in any such position could materially reduce the Fund’s performance or asset base, to the extent not offset by other gains.

Risks of Options. The Fund may engage in various types of option transactions both as an independent source of profit and as part of its hedging strategy. The trading of options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. A change in the market price of the underlying asset or index will cause a much greater change in the price of the option contract. In addition, to the extent that the Fund purchases options that it does not sell or exercise, it will suffer the loss of the premium it paid. To the extent the Fund sells options and must deliver the underlying securities at the option price, the Fund has an unlimited risk of loss if the price of the underlying security increases.

Foreign Investments. Raffles may invest in the securities of foreign issuers that trade either in foreign markets or in the United States as ADRs (American Depositary Receipts). This will subject the Fund to certain risks not typically associated with investing in securities of domestic companies. There is generally less publicly available information about foreign companies than domestic companies and the information that is available may be unreliable. Additionally, investing in the securities of companies (and, from time to time, governments) in certain countries (such as emerging nations or countries with less well regulated securities markets) involves certain considerations not

usually associated with investing in securities of U.S. companies or the United States Government, including among other things: political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; the possible imposition of withholding or other taxes on income received from or gains with respect to such foreign securities; certain government policies that may restrict the Fund's investment opportunities; and in some cases less effective government regulation than is the case with securities markets in the United States.

Hedging Risks. Raffles may employ various hedging techniques, from time to time, in an effort to reduce the risk of holding investments in securities. There remains a risk, however, that appropriate hedging techniques may not always be available, may be available but not used by Raffles for various reasons or may be used but prove to be completely ineffective in limiting losses and in fact may exacerbate losses.

Short Selling. The Fund also seeks opportunities to sell short the securities of companies whose stock prices appear to be excessive in relation to prospective earnings growth or intrinsic value. A short sale may present greater risk than purchasing a security "long" since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of a loss on a "long" position is limited to the purchase price of the security. Short positions may be used generally as a hedge against potential market declines or may be used opportunistically as a profit opportunity for the Fund.

Leverage. Although not a focus of its investment strategy, Raffles does at times use modest degrees of leverage afforded by margin borrowings. Consequently, fluctuations in the market value of the Fund's portfolio will have a greater effect relative to the Fund's capital than would be the case in the absence of leverage. Risk of loss and the magnitude of possible gains are both increased by the use of leverage. Adverse market fluctuations, in the case of margin borrowings, may require the untimely liquidation of one or more investment positions.

Certain Additional Risks. In addition, Investors face potential indemnification of Raffles by the Investors, potential conflicts of interest, limited transferability of their interests in the Fund and restrictions on withdrawals of capital. The Fund's PPM describes these and other risks in more detail.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to an Investor's or prospective Investor's evaluation of Raffles' advisory business or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Raffles, nor its principal or any executive officer is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entities.

Raffles and the General Partner are controlled by the same person and are therefore related entities. Additionally, the Funds themselves may be considered related entities of Raffles. Other than as described in other sections of this Brochure, neither Raffles, nor its principal or any executive officer has any relationship or arrangement with a related person that is material to its advisory business or Investors or that could create a material conflict of interest with Investors.

Raffles and its principal are required to devote only so much of their time to the affairs of the Funds as they reasonably believe is necessary in good faith. Such persons are not prohibited from engaging in any other existing or future business or in other investment activities but these persons owe the Fund's investors an affirmative duty of utmost good faith, undivided loyalty, full and fair disclosure of all material facts, and an affirmative obligation to employ reasonable care to avoid misleading them.

Raffles' Code of Ethics also addresses potential conflicts of interest in cases where Raffles' employees serve as Directors of companies whose securities Raffles or Raffles' supervised persons may purchase or sell on behalf of the Funds.

Neither Raffles, nor its principal, recommends or selects other investment advisers for the Fund.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Raffles recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of Investors come first; and (iii) it has a fiduciary duty to its Investors to act for their benefit. All Raffles personnel must put the interests of the Funds and its Investors before their own personal interests and must act honestly and fairly in all respects in dealings with Investors. All Raffles personnel must also comply with federal securities laws.

Accordingly, Raffles has adopted a written code of ethics ("Code of Ethics" or "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act, which requires that investment advisers adopt a code of ethics setting forth standards of business conduct and compliance with federal securities laws by all employees. Raffles' Code of Ethics has three primary objectives, namely to ensure that Raffles' employees: (1) place the interests of advisory clients first; (2) avoid taking inappropriate advantage of their position in the firm; and, (3) that they prevent insider trading by protecting material non-public information.

Raffles' employees must also avoid any personal interest outside of Raffles which could be placed ahead of their fiduciary obligation to Raffles and to Raffles' advisory clients. Conflicts may exist even when there is an appearance of a conflict and no wrongdoing. The opportunity to act improperly may be enough to create the appearance of a conflict. Raffles recognizes and respects an employee's right of privacy concerning personal affairs, but requires full and timely disclosure of any situation which could result in a conflict of interest or even the appearance of a conflict. Whether or not a conflict exists will be determined by the Chief Compliance Officer.

The Code of Ethics includes detailed provisions to comply with the securities laws and to address conflicts of interest, such as the following:

- Reporting of personal securities transactions to the Chief Compliance Officer;
- Maintaining a Restricted List of securities and restricting employees' and advisory client trading subject to certain exemptions;
- Blackout period restrictions on employee trading subject to certain exemptions;
- Employee certification of compliance;
- Employee restrictions on the giving and receiving of gifts and entertainment;
- Approval of employee outside business interests; and
- Restrictions on employee political and charitable contributions.

Raffles' Chief Compliance Officer periodically monitors Access Persons, employees and employee-related accounts and advisory client trades against the Restricted List and other restrictions for any violations of the "Code of Ethics and the Policy Statement on Insider Trading."

Raffles' employees may from time to time purchase and sell securities for their own personal accounts which they may also be recommending for the Fund, subject to the Raffles' Code of Ethics policies. Employees of Raffles may also serve as directors of companies whose securities Raffles or Raffles' supervised persons may purchase or sell on behalf of the Fund. Also, by reason of its activities, Raffles will not be free to disclose or act upon such confidential activities where Raffles may acquire confidential information or be restricted from transacting in certain information and as a result may not initiate a transaction in which it otherwise might have engaged.

Raffles will provide a copy of its Code of Ethics upon request to the address or telephone number listed on the first page of this brochure.

ITEM 12: BROKERAGE PRACTICES

Raffles executes, clears and settles its securities transactions through qualified financial institutions. For these purposes, Raffles may select U.S. broker-dealers registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), as well as non-U.S. broker-dealers to purchase foreign securities that trade on a foreign stock exchange. Raffles also may utilize one or more U.S. or non-U.S. prime brokers. If Raffles utilizes services of a non-U.S. prime broker and/or non-U.S. broker-dealer, these entities will, consistent with applicable law, not be required to be registered in the U.S. under the Exchange Act.

Raffles has complete discretion in choosing brokers, dealers, banks, market-makers and other execution services (collectively "broker dealers") in executing trades for the Fund. As a

fiduciary, Raffles has a duty to seek “best execution” on all securities transactions effected for the Funds and seeks to negotiate and obtain the most favorable net price and terms for each transaction reasonably available under the circumstances. Raffles attempts to complete investment transactions at the best net price, considering all relevant circumstances and factors including the availability of securities in the marketplace, market impact as a result of the bidding or offering process and quality of a broker dealer’s services.

At this time, Raffles does not use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. If at any point Raffles determines to use soft dollars for such purposes, it shall do so in conformance with the “safe harbor” provision within Section 28(e) of the Exchange Act.

Raffles periodically evaluates the quality of services received from broker-dealers. In order to satisfy Raffles’ fiduciary obligations, Raffles must consider the full range of factors and quality of a broker-dealer’s services, including Raffles’ ability to obtain a favorable best price and the ability to effect securities transactions, particularly with regard to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread on commission, if any); (ii) the execution, clearance, and settlement and error-correction capabilities of the broker-dealer; (iii) the broker-dealer’s willingness to commit capital; (iv) the broker-dealer’s reliability, integrity and financial strength; (v) transaction size; (vi) availability of securities to borrow for short sales; (vii) their expertise in particular markets; (viii) the comprehensiveness and frequency of available research services considered to be of value; and (ix) the competitiveness of commission rates in comparison with other brokers satisfying Raffles’ other selection criteria. Although Raffles generally seeks the competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent.

Raffles may place transactions with a broker or dealer that (i) provides it (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by the Raffles (or an affiliate), if otherwise consistent with seeking best execution; provided Raffles is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

Trade Errors

Although there exists no standard definition of what constitutes trading errors, examples of trade errors include the following:

- Purchasing securities not legally permitted for the Fund, or not within a Fund’s investment guidelines; and
- Purchasing or selling the wrong quantity of securities for the Fund.

Raffles has established trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

Raffles' general policy is to seek to identify and correct any trade errors promptly and in a way that mitigates any losses. Trade errors in the Fund's account will be borne by the Fund unless an error is the result of bad faith, gross negligence, or willful misconduct by Raffles. Lost opportunity is not a reimbursable loss. Raffles will not be responsible for any indirect, consequential or punitive damages for purposes of this policy.

Raffles will use reasonable methods to calculate the reimbursement due to the Fund, if any. Raffles' process to correct trade errors may involve procedures required by applicable law, which may be complex and require coordination with multiple parties, and therefore Raffles' ability to correct trade errors promptly will be based on the specific circumstances of the error.

Brokerage for Client Referrals

Raffles also may direct transactions to broker-dealers which refer Investors to the Fund. If Raffles uses a broker that has referred an Investor, or may refer Investors, Raffles has a potential conflict of interest between its duty to obtain best execution for an Investor and its interest in receiving future referrals. Commission rates charged by brokers that refer Investors to Raffles may be higher or lower than the commission rates charged by other brokers that Raffles uses. Raffles will only direct transactions to a broker-dealer that has referred or may refer Investors if Raffles determines in good faith that the commissions charged by that broker are not materially higher than those of others offering equal services.

Directed Brokerage

Raffles does not permit Investors to direct brokerage for the Fund through a specified broker-dealer. Instead, the Fund (on behalf of its Investors) authorizes Raffles to select the broker-dealers for the Fund's brokerage transactions.

Aggregating Orders

The Fund is the only account for which Raffles provides investment advice, so it does not aggregate orders for various accounts.

ITEM 13: REVIEW OF ACCOUNTS

Paul H. O'Leary, the managing member of Raffles and portfolio manager of the Fund, reviews the investment strategies and portfolio decisions of the Fund on an ongoing basis. There is no particular set of circumstances or factors that triggers a review. Instead, Mr. O'Leary maintains daily oversight of positions held, risk exposure and proper settlement.

Investors of the Fund generally receive the following regular reports: (i) after the end of each fiscal year of the Fund, annual audited financial statements (including a balance sheet, income statement and statement of changes in net assets) for the recently completed fiscal year; (ii) a quarterly letter reviewing the investment performance; and (iii) annual tax information necessary for the completion of Investor's US federal, state and local income tax returns, if applicable.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Raffles currently offers interests in the Fund directly to potential Investors who generally have a preexisting relationship with Raffles or its affiliates or agents; however, Raffles may sell interests through broker-dealers, placement agents and other persons (“third-party marketers”). In this case, Raffles may pay a marketing fee or commission in connection with these activities, including ongoing payments, at Raffles’ own expense. Payments by Raffles may include participation in RCA’s Performance-Based Allocation or fees otherwise payable to Raffles. In certain cases, Raffles reserves the right to pay a one-time fee or sales charge, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the referred Investor. Any such sales charge would be assessed against the referred Investor and would reduce the amount actually invested by the Investor in the Fund. Under no circumstances may Raffles make payments in any form to any Limited Partner or other person having influence on the decision-making process of that Limited Partner or person (unless the person exercising influence is an employee of Raffles or has a solicitor relationship as described above) for the purpose of obtaining or retaining that Limited Partner or person as an investor in the Fund.

Raffles may effect securities transactions through a number of broker-dealers. By virtue of it conducting business with broker-dealers, Raffles may receive certain economic benefits from such broker-dealers which would not be received if it did not transact through the broker-dealers. These benefits may include, but are not limited to: access to an electronic communication network for order entry and account information; receipt of proprietary research; and participation in broker-dealer sponsored research and capital introduction conferences. Raffles understands the benefits received through its relationship with the broker-dealers (including its prime brokers) generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the broker-dealers.

Other than as described herein, Raffles does not currently have any arrangements with any third parties that involve any economic benefit to Raffles.

ITEM 15: CUSTODY

Raffles currently utilizes Jefferies LLC as the qualified custodian for the Fund’s assets. Raffles may change the custodian at any time. Raffles has the authority to wire cash from the Fund and would be deemed to have custody under the Advisers Act. Raffles has in place internal controls relating to its wiring authorizations. The custodian does not send account statements directly to Investors.

The Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion, and distributed within 120 days of the Funds’ fiscal year ends.

ITEM 16: INVESTMENT DISCRETION

Raffles buys and sells securities and other instruments for the Fund on a discretionary basis in a manner consistent with the Fund's investment objectives and restrictions, as set forth in the governing agreements and documents of the Fund. Raffles is authorized to make the following determinations in accordance with the Fund's objectives and restrictions without obtaining prior consent of the Fund or Investor: (1) which securities or instruments to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction, and (4) the commission rates or commission equivalents charged for transactions.

ITEM 17: VOTING CLIENT SECURITIES

Raffles will vote proxies for the Fund when voting would be in the best interest of the Fund, as determined by Raffles in its sole discretion. The proxy voting policy of Raffles is to vote all Investor proxies in the Investor's best interest on a case-by-case basis, considering the facts it deems material. Each proxy proposal is reviewed on a case-by-case basis by a member of the portfolio management team. Generally, the objective of Raffles is to vote proxies, in its judgment, in a manner that is most likely to maximize the value of the Fund's investments. It is Raffles' policy generally to vote against any management proposals that it believes could prevent companies from realizing their maximum market value, or would insulate companies or management from accountability to shareholders or prudent regulatory compliance. Raffles will generally support proposals to authorize standard and necessary aspects of business operations, which will not typically have a significant effect on the value of the investment, such as name changes, elections of directors and employee stock purchase or ownership plans. The proxy voting policy also contains provisions regarding the steps it will take if it identifies a conflict of interest regarding voting.

Mr. James D. O'Leary, the Chief Operating Officer and Chief Compliance Officer of Raffles, oversees the process by which it votes proxies. Raffles' proxy voting policy is available upon request. An Investor may obtain the proxy voting policy or a record of the proxy voting for such Investor by contacting Mr. James D. O'Leary at 212-760-2329.

ITEM 18: FINANCIAL INFORMATION

Raffles does not require or solicit prepayment of fees by clients six or more months in advance and is therefore not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.