

Toronado Partners LLC
Part 2A of Form ADV

44 Montgomery Street, Suite 1200
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This brochure (“*Brochure*”) provides information about the qualifications and business practices of Toronado Partners, LLC (“*Toronado*”) CRD# 283612. If you have any questions about the contents of this Brochure, please contact us at 415-969-8681 or email mclifford@toronadocap.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.

Registration as an investment adviser does not imply any particular level of skill or training in the investment advisory business.

Additional information about Toronado is also available on the SEC's website at www.adviserinfo.sec.gov.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities or interests in any of the entities described in this brochure. Any such offer or solicitation will be made solely to qualified investors by means of the Governing Documents of a Fund or by means of a managed account investment agreement and related documentation.

Item 2: Material Changes

This ADV Part 2A is being submitted as the Annual Amendment as of March 2020. Since Toronado submitted its most recent amendment in July 2019, there have been no material changes. This version of Toronado's Brochure updates regulatory assets under management in Item 4.

In the future, when Toronado amends its brochure for its annual update (or otherwise) and the amended version contains material changes from the last update, it will identify and discuss those changes either on this page or as a separate document accompanying this brochure.

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Item 4: Advisory Business

Toronado Partners, LLC (“**Toronado**” or the “Investment Adviser”), a California limited liability company, was formed in March 2016 as an investment firm with a long/short equity technology focus. Toronado’s principal place of business is in San Francisco, California. Toronado Capital Management, LLC (the “**General Partner**”), a Delaware limited liability company under common control with Toronado serves as the Master Fund’s (defined below) general partner.

Toronado provides investment advisory services on a discretionary basis to pooled investment vehicles organized in a “mini master-feeder” structure. Toronado currently provides advisory services to Toronado Fund, L.P., a Delaware limited partnership (the “**Master Fund**”) and Toronado Offshore Fund, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”) and collectively, the “**Funds**”), each of which is a private investment fund offered to financially sophisticated individuals and institutional investors.

The principal owner of the business is John Stephen Perkins.

Toronado manages the Funds in accordance with each Fund’s strategies, restrictions and guidelines. Toronado has complete discretion over investment decisions for the Funds, and investors have no authority to change a Fund’s investment objectives or limitations. Investors have no right to remove or replace Toronado. Information about each Fund can be found in the relevant Fund’s offering documents, which consists of the Confidential Explanatory Memorandum for the Offshore Fund or the Confidential Private Placement Memorandum and Limited Partnership Agreement for the Master Fund (collectively the “**Governing Documents**”).

Toronado does not participate in wrap fee programs.

As of February 29, 2020, Toronado has \$748,376,793 in regulatory assets under management.

As of February 29, 2020, Toronado had total net assets under management of approximately \$459,788,775. This number differs from Toronado’s “regulatory assets under management” reported above and on Form ADV Part 1 because it reflects the net value of the assets under management. “Regulatory assets under management” is a gross assets measurement adopted by the SEC that does not allow for the deduction of liabilities associated with borrowing securities to effect a short sale and other accrued but unpaid liabilities.

Toronado does not provide non-discretionary investment advice.

Item 5: Fees and Compensation

It is critical that prospective investors refer to the relevant Fund’s Governing Documents for a complete understanding of fees and expenses they pay to Toronado. The information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fee. The Funds pay an asset-based management fee (the “**Management Fee**”) to Toronado quarterly in advance. The Management Fee is generally equal to 1.5% per annum of the value of the Funds’ net assets under management.

Performance Compensation. In addition, the General Partner is entitled to a special allocation of net profits experienced by the investors in the Funds, (the “**Special Profit Allocation**”). The Special Profit Allocation is generally calculated and paid annually on December 31st, generally in an amount equal to 20% of the net profits (realized and unrealized), if any, from the performance of the Funds. A Special Profit Allocation is also calculated and allocated upon an investor’s withdrawal or redemption from a Fund, but only on the amount withdrawn or redeemed. Payment of the Special Profit Allocation is subject to a “high water mark:” paid only after losses, if any, have been recovered.

As a general matter, Toronado has the discretion to alter, reduce or waive the Management Fee or Special Profit Allocation (collectively the “**Fund Fees**”) and arrangements with particular investors may vary. Toronado has reduced or waived the Fund Fees for certain early investors and its employees, and has provided discounted fees through side letter agreements for investors making large contributions or those committing to a longer lock-up period.

Toronado deducts Management Fees quarterly, on the first day of the quarter, from the Fund’s assets, and Special Profit Allocations annually, on the last day of the year, and when investors withdraw. Fund investors do not have the ability to choose to be billed directly for fees incurred. Funds pay management fees in advance (based on the relevant Fund’s assets at the beginning of the quarter). If an investor were permitted to withdraw during the quarter (which could happen only in extraordinary circumstances), that investor would not receive a refund of any pre-paid management fees.

The foregoing represents Toronado’s basic compensation arrangements. Although Toronado believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

Withdrawal Fee. Under certain circumstances detailed in the Governing Documents, investors may be required to pay withdrawal fees. Withdrawal fees are paid back into the Funds and not to Toronado and may be waived by the General Partner of the Master Fund or the Board of Directors of the Offshore Fund in its sole discretion.

Expenses. In addition to Toronado’s Management Fees and Special Profit Allocations, Funds also bear expenses incidental to their ongoing operation including, without limitation, all trading costs and expenses, all interest and commitment fees on loans and debt balances, all costs and expenses of negotiating and entering into contracts and arrangements and making investments and similar expenses in terminating those contracts and arrangements and disposing of the Funds’ investments, all costs and expenses incurred in visiting companies and attending research conferences, costs and expenses associated with regulatory filings of the Funds, General Partner, the Investment Adviser or their affiliates relating to the Funds, all costs and expenses associated with registering the Fund’s restricted Securities, all costs and expenses incurred in attempting to protect or enhance the value of the Funds’ investments, all income taxes, withholding taxes, transfer taxes and other governmental charges and duties, all fees and charges of custodians, clearing agencies and banks, all administration, bookkeeping, recordkeeping, legal, accounting, auditing, tax preparation and all professional, expert and consulting fees and expenses arising in connection with the Funds’ activities, all fees, costs and expenses of offering and selling Fund interests and communicating with existing and prospective investors, all costs and expenses of investing the Funds’ assets indirectly, such as through a partnership or other entity, including the Offshore Fund’s proportionate share of the costs and expenses of operating the Master Fund, all premiums and other costs and expenses of insurance policies as the General Partner or the Investment Adviser considers appropriate,

insuring the Funds, the General Partner, the Investment Adviser and their affiliates against liabilities that may arise in connection with the business or management of the Funds, all costs and expenses of proxy voting services, any contingencies for which the General Partner determines reserves are required, and any extraordinary expenses. The Funds shall reimburse the General Partner or the Investment Adviser for any of such expenses paid by them.

Please see *Item 12: Brokerage Practices* in this Brochure for further information on arrangements that may relieve Toronado from certain costs and expenses.

Neither Toronado nor any of its supervised persons accepts commissions or other compensation for the sale of securities or other investment products.

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

As discussed above under *Item 5: Fees and Compensation*, in addition to Management Fee, Toronado generally has the right to receive an Special Profit Allocation based on the performance of the Funds. Performance-based compensation may create an incentive for Toronado to make more risky and speculative investments than it would otherwise make under a different fee arrangement.

To the extent Toronado provides investment advisory services to other pooled investment vehicles or other accounts in the future with different fee arrangements, Toronado faces certain potential conflicts of interest with respect to such different fee arrangements. Toronado has implemented allocation procedures among accounts which share similar investment objectives and strategies and continue to act in the best interest of each client. These procedures are discussed more fully in Item 12.

Item 7: Types of Clients

Toronado's current clients consist entirely of private pooled investment vehicles. See *Item 4: Advisory Business* above. The Funds generally require a minimum initial investment of \$1,000,000, however, the minimum initial contribution is subject to reduction or waiver at the discretion of the Fund General Partner or Offshore Fund Board of Directors. Potential Fund investors may read the eligibility criteria and minimum investment requirements specific to each Fund in the relevant Fund's Governing Documents and subscription application.

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

Toronado's investment strategy is a long/short equity strategy focused on smaller companies within fast growing segments of technology. Toronado maintains a concentrated portfolio, typically holding less than fifteen longs and twenty-five shorts, with low overall net exposure. Toronado focuses on investing in select ideas in an effort to meet our goal of delivering strong investment returns with low market correlation. Toronado evaluates investments through a process of deep fundamental analysis with considerations for market size, technology advantage, expertise of executive leadership, and quality of business models. The firm utilizes institutional risk management tools to measure exposure to factor and market risks and manage the portfolio to minimize these non-idiosyncratic risks.

The Funds' Governing Documents contain additional detail regarding the Funds' objective and strategy.

General Market Risk

Risk of Loss. An investor could incur substantial, or even total, losses on an investment with Toronado. An investment is only suitable for persons willing to accept this high level of risk.

Risks of Investments in Securities Generally. All securities investments risk the loss of capital. No guarantee or representation is made that Toronado's investment program will be successful. Certain investment techniques can, in certain circumstances, substantially increase the impact of adverse market movements to which the investments may be subject. In addition, investments in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where assets are invested. Toronado's methods of minimizing such risks may not accurately predict future risk exposures. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Risks of Investment in the Funds

Reliance on the General Partner and Investment Adviser. All decisions regarding the management and affairs of the Funds will be made exclusively by the General Partner and trading decisions will be made by the Investment Adviser, Toronado, in consultation with the General Partner. Accordingly, no person should invest in the Funds unless such person is willing to entrust all aspects of management of the Funds to the General Partner and Toronado. Investors will have no right or power to take part in the management of the Funds. As a result, the success of the Funds for the foreseeable future depends solely on the abilities of the General Partner and Toronado.

Dependence on Key Personnel. The General Partner and Toronado are dependent on the services of its principals and key personnel, specifically Mr. John Stephen Perkins. The success of the Funds will depend to a great extent on the investment skills of Mr. Perkins. The Funds could be adversely affected if, because of illness, resignation or other factors, the services of Mr. Perkins were not available for any significant period of time.

Changes in Investment Strategies. The General Partner and Toronado have broad discretion to expand, revise or contract the Funds' business without the consent of the investors. The Funds' investment strategies may be altered, without prior approval by, or notice to, the investors, if the General Partner and Toronado determine that such change is in the best interest of the Funds.

Undisclosed Investing Strategy. The General Partner and Toronado's investment strategy and the techniques that will be employed to attempt to reach the Funds' goal are proprietary and will not be disclosed to potential investors or investors. As a result, a potential investor's decision to invest in the Funds must be made without the benefit of being able to review and analyze the General Partner and Toronado's strategy and techniques.

Risks of Investments

Equity Securities. The value of equity securities are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.

Common Stock. The Funds invest in common stock of issuers. Common stocks are shares of a corporation or other entity that entitle the holder to a pro rata share of the profits, if any, of the entity without preference over any other shareholder or claim of shareholders, after making required payments to holders of the entity's preferred stock and other senior securities. Common stock usually carries with it the right to vote and frequently an exclusive right to do so.

Micro, Small and Medium Capitalization Companies. The Funds invest in the securities of companies with micro- or small- to medium-sized market capitalizations. The Investment Adviser believes such securities often provide significant potential for appreciation, but those securities involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of micro- and small capitalization and even medium-capitalization stocks are often more volatile than prices of large capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue chip" companies. In addition, because of thin trading, an investment in those securities may be less liquid or illiquid.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received. Over-the-counter options also involve counterparty solvency risk. The Funds may also sell covered and uncovered options on securities. To the extent that such options are uncovered, the Funds could incur unlimited loss.

Derivative Investments. Derivatives are financial contracts whose value depend on, or is derived from, an underlying product, such as the value of a securities index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Funds; (2) before purchasing the derivative, the Funds will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Convertible Securities. Convertible securities ("Convertibles") are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

Preferred Securities. Investment in preferred securities carries certain risks including: (i) deferral risk; (ii) redemption risk; (iii) limited voting rights; (iv) subordination; and (v) liquidity.

1. **Deferral Risk** – Typically preferred securities contain provisions that allow an issuer, at its discretion, to defer distributions for up to 20 consecutive quarters. If the Partnership owns a preferred security that is deferring its distributions, the Partnership may be required to report income for tax purposes while it is not receiving any income.
2. **Redemption Risk** – Preferred securities typically contain provisions that allow for redemption in the event of tax or security law changes in addition to call features at the option of the issuer. In the event of a redemption, the Partnership may not be able to reinvest the proceeds at comparable rates of return.
3. **Limited Voting Rights** – Preferred securities typically do not provide any voting rights.
4. **Subordination** – Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt instruments.
5. **Liquidity** – Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Non-U.S. Securities. Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Partnership might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Partnership's performance.

Trading Risks

Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the Funds from selling out of these illiquid securities at an advantageous price. In addition, liquidity risk tends to increase to the extent the Funds invest in debt securities whose sale may be restricted by law or by contract.

Short Selling. The Funds' portfolios include short positions. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling

allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Hedging Transactions. Toronado will not, in general, attempt to hedge all market or other risks inherent in the Funds’ portfolio positions, and will hedge certain risks, if at all, only partially. The Funds may choose not, or may determine that it is economically unattractive, to hedge certain risks – either in respect of particular positions or in respect of its overall portfolio. The Funds’ portfolio composition will commonly result in various directional market risks remaining unhedged. Even if Toronado is successful in reducing or controlling risk through hedging, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that Toronado’s hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

Lack of Diversification. Although the Partnership will structure its portfolio so that investments (both individually and in the aggregate) have desirable risk/reward characteristics and so that the Funds may be able to satisfy requests for withdrawals, the Funds are not subject to any restrictions with respect to investments in any particular issuer, industry or type of investment. The Funds may have a non-diversified portfolio and may have large amounts of Fund assets invested in a small number of investments. Such lack of diversification substantially increases security-specific risks and the risk of loss associated with an investment in the Funds.

Industry Concentration. The Partnership may concentrate its investments in a single or a few industries. Because of this potentially narrow focus, the performance of the Partnership may be tied closely to and affected by the industries in which it invests. Companies within a single industry often face similar obstacles, issues, or regulatory burdens. Consequently, the securities of similarly situated companies may react similarly and move in unison to changes in these or other market conditions. Moreover, because the Funds’ investments are concentrated in a specific industry, the value of the Funds may be subject to greater volatility than funds with portfolios that are less concentrated.

Counterparty Risk. Some of the markets in which Toronado may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC transactions. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. Toronado is not restricted from dealing with any particular counterparty or

from concentrating any or all of the Funds' transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

The risks described above are not a complete list of risks involved with investing in a Fund – specific risks and conflicts of interest associated with an investment in a Fund are described in detail in the relevant Fund's Governing Documents. Investors and prospective investors in a Fund should carefully review the Fund's Governing Documents for further information.

Item 9: Disciplinary Information

Toronado and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

Toronado Capital Management, LLC is under common ownership with Toronado Partners, LLC. Toronado Capital Management LLC serves as the Master Fund's General Partner. Toronado Capital Management, LLC receives a Special Profit Allocation from the Master Fund (through its partnership ownership in the Master Fund).

Toronado Capital Management, LLC does not directly provide investment advisory services to clients nor manage client assets, has not entered into investment advisory agreements with any clients, and does not receive investment advisory fees or other compensation from clients aside from the Special Profit Allocation. Toronado Capital Management, LLC is a "relying adviser" and satisfies the conditions set forth in the SEC's guidance.

Toronado and its employees are not registered (and do not have any application pending to register) as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. Toronado and its affiliates rely on an exemption from registration as a commodity pool operator and commodity trading advisor.

Toronado and its employees hold passive beneficial ownership in financial services companies, including an expert network and a financial research platform, that also provide services to Toronado and the Funds. Such arrangements may create an incentive for Toronado and the Funds to pay higher fees when similar services are available for a lower cost. Toronado addresses this potential conflict of interest by conducting service provider due diligence no less than annually to ensure that compensation paid to such providers is competitive with the marketplace for similar services.

Other than as described above, Toronado and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest. Finally, Toronado does not recommend or select for its clients, or have other business relationships with, other investment advisers.

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

Toronado has adopted a written Code of Ethics (the “**Code**”) applicable to all personnel. Among other things, the Code requires that Toronado and its employees act in clients’ best interests, abide by all applicable regulations, not engage in insider trading, and pre-clear and report on many types of personal securities transactions. Toronado’s restrictions on personal securities trading apply to all employees employed by Toronado and its affiliates, as well as employees’ family members living in the same household. Limited permission is granted to invest in publicly-traded securities and other financial instruments in their personal accounts, or those in which they control, with advance pre-clearance required for certain transactions, and a required 3 month hold period. Trade permission is typically not granted for trading of securities in the technology, media, or telecom sectors in the market cap range in which the Funds are generally invested. Nonetheless, because the Code in some circumstances could permit Toronado personnel to hold certain investment positions (e.g., if such positions were held at the time the employee joined the firm, were thereafter obtained through a gift or bequest, where the Funds opt to invest outside of their usual sectors or market cap range, or where the sector or market cap range of a security changes over time), there is a possibility that Toronado may recommend to Clients the purchase or sale of securities in which Toronado Personnel have a financial interest. Under these limited circumstances, the investments of Toronado personnel may differ from, or be contrary to, those taken by the Funds. Toronado believes the significant restrictions on personal trading and extensive pre-approval procedures described above are reasonably designed to avoid conflicts of interest and to preserve Toronado's ability to discharge the fiduciary duties it owes to its clients. All employees are required to report all brokerage accounts in which they have a beneficial interest, as well as their securities holdings. In addition, all employees are required to pre-clear with the Chief Compliance Officer all proposed securities transactions (except with respect to certain government securities, shares of mutual funds and certain other types of securities that Toronado does not believe create a potential for conflicts of interest). Toronado monitors all employees’ securities transactions through receipt of transaction and holding data from account custodians.

Because Toronado may manage more than one Client portfolio, there could be conflicts of interest over its time devoted to managing any one Client and allocating investment opportunities among all Clients that it manages. For example, Toronado selects investments for each Client based solely on investment considerations for that Client. Different Clients may have differing investment strategies and expected levels of trading. Toronado may buy or sell a security or commodity for one type of Client but not for another or may buy (or sell) a security or commodity for one type of client while simultaneously selling (or buying) the same security or commodity for another type of client. Toronado may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. Toronado is not obligated to acquire for any account any security that Toronado or its officers, managers, members or employees may acquire for its or their own accounts or for any other client, if in Toronado’s absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Clients or prospective Clients and investors may view a copy of the Code of Ethics by contacting Michele Clifford by email at mclifford@toronadocap.com or by telephone at 415-969-8681.

Item 12: Brokerage Practices

Selection Criteria. The Funds spend substantial amounts on brokerage commissions and other expenses for transactions in the portfolio. Toronado has complete discretion to decide who executes transactions and how much the Funds will pay them. Some broker-dealers (and other

counterparties involved in portfolio transactions—collectively, “broker-dealers”) may provide Toronado with information, services and other products beyond pure transaction execution.

In choosing brokers, Toronado seeks “best execution” of the Funds’ securities transactions. In evaluating whether a broker provides best execution, Toronado considers a range of factors including, among others, historical net prices (after markups, markdowns and other transaction-related compensation); execution, clearance and settlement and error correction capabilities generally and in connection with securities of the type and in the amounts to be bought or sold; the size of the transaction; the availability of securities to borrow for short sales; the market for the security; and the nature, quantity and quality of research and other services and products provided. Toronado is not required to select the broker that charges the lowest transaction cost, even if that broker can provide execution quality comparable to other brokers. The Funds expect at times to pay more than the lowest transaction cost available in order to obtain products other than the execution of securities transactions and may select brokers in recognition of the value of various services or products (“soft dollars”), beyond transaction execution that they provide to the Funds.

“Soft Dollars.” Toronado also selects broker-dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to the Funds or Toronado. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” This is common in the professional management of securities portfolios. Toronado acquires services or products with the Funds’ soft dollars through an account at the Prime Broker.

A federal statute, Section 28(e) of the Securities Exchange Act of 1934, as amended, recognizes the potential conflict of interest involved in the use by an investment manager (such as Toronado) of soft dollars but provides a “safe harbor” from breach of fiduciary duty claims if certain conditions and requirements are met. Under the safe harbor, soft dollars may be used to acquire “research” and “brokerage” services and products for which a Fund would not otherwise be required to pay. Services or products generally will qualify as “research” under Section 28(e) if they constitute advice, analyses or reports any of which express reasoning or knowledge as to the value of or investing in or trading securities, or as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent Toronado uses them for lawful and appropriate assistance in making investment decisions for the Funds and Toronado’s other clients. “Brokerage” services and products are those used to effect portfolio transactions for Toronado’s clients (the Funds) or for functions that are incidental to effecting those transactions (such as clearance, settlement or short-term custody related to effecting clearing or settling transactions) or required in connection with transactions. Toronado only uses soft dollars for those products or services that fall within the Section 28(e) safe harbor.

Because many services and products Toronado may receive from broker-dealers may benefit Toronado, Toronado’s interests in allocating clients’ securities transactional business may conflict with its clients’. For example, Toronado may have an incentive, in order to induce brokers and dealers to provide it with services or benefits to, among other things, cause its clients to: (i) pay higher commissions and other compensation than it would otherwise pay broker-dealers that do not provide soft dollar services or products; (ii) place more trades than would be optimal for the client’s investment strategy; (iii) use broker-dealers that do not obtain for the client the best possible price on portfolio transactions; (iv) agree to adjust negotiated commission rates upward in order to receive additional soft dollar “credits” and (v) use (and pay) broker-dealers in effect to act as intermediaries with other broker-dealers who actually execute transactions. Toronado may use one client’s soft dollars to pay for services and products

another client pays for and, if it does, that use may not be in proportion to account size, transaction volume, or uses of those services and products. Toronado may use client soft dollars to buy products or services that benefit Toronado and/or other clients of Toronado.

“Research and Brokerage.” The types of “research” Toronado may receive from broker-dealers include (but are not limited to): reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems (to the extent used to assist in making investment decisions), quotation services; large data set analysis of publicly available data (“alternative data”), and other products or services that may enhance Toronado’s investment decision-making. “Brokerage” services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities (including hardware) used for such things as communicating orders and settlement related information electronically to executing broker-dealers and the Prime Broker, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions. Even where Toronado’s use of soft dollars to acquire research and brokerage services and products is protected by Section 28(e), Toronado will have a conflict of interest in connection with that use because it might otherwise have to pay cash for those services and products and it may have an incentive to use broker-dealers who provide those services and products more than it otherwise would.

Other Services and Products. If Toronado receives an eligible product or service that it also utilizes for non-eligible research or brokerage purposes, it will make a good faith determination as to the cost of such “mixed-use item” between the eligible and non-eligible purposes and use soft dollars to pay only for that portion of the cost related to its eligible purpose. Generally, ineligible purposes are all or a portion of a product or service that does not aid in investment decision-making or trade execution. These are generally products or services that Toronado may utilize for administrative needs connected to its trade order management system, performance reporting and other administrative functions. In addition, in the event that Toronado receives both eligible and ineligible products and services for a bundled commission rate, Toronado will make a reasonable allocation of the cost of the product according to its use.

Procedures. Broker-dealers from which Toronado obtains soft dollar services or products generally establish “credits” based on past transactional business (including markups and markdowns on principal transactions, such as transactions with market-makers for Nasdaq securities), which may be used to pay or reimburse Toronado for specified expenses. In some cases the process is less formal; a broker-dealer simply may suggest a level of future business that would fully compensate the broker or dealer for services or products it provides. The Funds’ actual transactional business with a broker-dealer may be less than the suggested level but may exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because the Funds’ investment activities generate aggregate commissions in excess of the levels of future business suggested by all broker-dealers who provide services and products. And it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions. Toronado may ask a broker-dealer who is executing a transaction for several Client accounts (see the discussion below regarding aggregation of orders) to “step out” of a portion of the transaction in favor of a broker-dealer who has provided or is willing to provide products or services for soft dollars. That is, the executing broker-dealer will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar broker-dealer. This assists Toronado in acquiring products and services with soft dollars while providing the benefits of

aggregated transactions described below. It may result in the Funds paying additional commissions or other transaction compensation to the broker-dealer to whom the Funds' portion of an aggregated transaction is "stepped out" and therefore incurring higher transaction costs for that transaction than do other clients of Toronado who are buying or selling the same security at the same time.

These procedures are generally consistent with the requirements of Section 28(e).

Aggregation of Orders. Toronado may combine Client orders. When it does, Toronado will allocate the proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Toronado believes that combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a particular Client than if that Client had been the only account effecting the transaction or had completed its transaction before the other participants. However, the average price could be less advantageous to the Fund than if the Fund had been the only account effecting the transaction or had completed its transaction before the other participants. Because of Toronado's interest in the Fund, there may be circumstances in which the Fund's transactions may not, under certain laws and regulations, be combined with those of some of Toronado's and its affiliates' other clients, and the Fund may obtain less advantageous execution than those other Clients.

Toronado may place orders for the same security for different Clients at different times and in different relative amounts due to, among other things, differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client. Toronado has adopted policies and procedures intended to ensure that its trading allocations are fair to all its clients. In addition, Toronado and/or its related persons or funds may buy or sell specific securities for its or their own account that are not deemed appropriate for a Client at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments for the client are made. Where execution opportunities for a particular security are limited, Toronado attempts in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all its clients.

Cross Transactions. Toronado may, but is not obligated to, cause Clients to effect "cross" transactions (i.e. buy and sell securities from and to each other), subject to applicable law or regulation. Toronado may do so, if Toronado believes that the cross transactions will be beneficial to both parties. ERISA and other laws or regulations may prevent a Client from engaging in cross transactions that could be beneficial to the Client.

Investment Opportunities. It is Toronado's general policy to allocate purchase or sale opportunities on a pro rata basis to all appropriate Client accounts. At times, however, the Investment Manager may cause Clients to effect transactions that differ in substance, timing and amount. This may be due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the particular Clients, limitations on the availability of particular investment or transactional opportunities, tax and regulatory treatment, or differences in withdrawal or redemption rights. Toronado will allocate transactions and opportunities among the various Client accounts it manages in a manner it believes to be the most equitable and consistent with its fiduciary obligations to its Clients, considering each account's objectives, programs, limitations, risk profile, and capital available for investment, but even accounts managed on a *pari passu* basis will often have different investment portfolios.

Neither Toronado, nor any of its principals or affiliates has any obligation to provide a Client with any particular investment opportunity. Toronado may engage in transactions on behalf of Clients with or involving (including investing in) companies in which Toronado or its affiliates have an interest. If the Client invests in securities issued by a company of which the Toronado is considered an affiliate or to own beneficially more than 10% of the outstanding voting securities, Toronado could face potential adverse economic consequences if the Client were to buy or sell that company's securities. The potential for such consequences could create an incentive for Toronado to avoid transactions in the securities that would otherwise be beneficial for a Client.

Notwithstanding these conflicts, Toronado will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be the most equitable and consistent with its fiduciary obligations to its Clients, considering each account's objectives, programs, limitations, risk profile, and capital available for investment. Toronado has adopted the Code of Ethics that describes the standards of business conduct that it requires of employees and their accounts, and establishes procedures intended to prevent Toronado and its personnel, and certain of their relatives, from inappropriately benefiting from Toronado's relationships with its Clients

Item 13: Review of Accounts

Review of Accounts

Toronado's Portfolio Manager reviews Client accounts on an ongoing basis. This review takes into account such matters as asset allocation, cash management, the prospects of individual portfolio holdings, changes in issuer earnings, industry outlook, market outlook, and price levels, among other factors.

Reporting

Investors receive monthly estimated Fund performance and unaudited account statements, quarterly letters that discuss investment performance and outlook and annual audited financial statements. In addition, Toronado provides investors in the Master Fund with annual tax information in the form of a U.S. Schedule K-1.

Item 14: Client Referrals and Other Compensation

Toronado has no client or investor referral agreements in place and does not pay third parties a fee or compensation for the referral of a client or investor to Toronado. From time to time, prime brokers or other brokers may however assist the Funds in raising additional funds from investors by making introductions, and representatives of Toronado may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the Funds would have the opportunity to meet with Toronado. Currently, Toronado does not compensate any broker for making introductions or organizing such events or for any investments ultimately made by prospective investors whom have been introduced or attended such events, nor do we anticipate doing so in the future. As discussed above, subject to best execution, Toronado may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending brokers or dealers for the Funds. While such events and other services provided by a prime broker may influence us in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Toronado will not commit to allocate a particular amount of brokerage to a broker in any such situation.

Toronado does not receive any compensation or other economic benefit from any party other than any “soft dollar” benefits described in *Item 12: Brokerage Practices*.

Item 15: Custody

Toronado maintains the Funds’ assets in the custody of unaffiliated broker-dealers or banks, so called “qualified custodians,” as required by Rule 206(4)-2 under the Investment Advisers Act. The Funds obtain custodial, clearing and related services through what is known as a “prime brokerage” arrangement. Under Toronado’s prime brokerage arrangement, the “Prime Broker” serves as introducing broker to the Funds’ qualified custodians. The custodians (i) maintain custody of the Funds’ assets (either directly or through affiliated companies or sub-custodians); (ii) provide margin credit and locates securities to borrow to facilitate short sales; (iii) arrange for the receipt and delivery of securities bought, sold, borrowed and lent; (iv) make and receive payments for securities; (v) tender securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; (vi) provide Toronado detailed portfolio and related reports; and (vii) provide related services. The Funds’ arrangement with the Prime Broker permits the Funds to maintain two custodial relationships, while using other brokers (in addition to the Prime Broker) to execute transactions, thereby enabling Toronado to seek valuable research and to compare execution quality and commission rates. The Master Fund compensates the custodians through interest on credit balances, margin borrowings, stock loans and brokerage commissions. It is possible that a material amount of the Master Fund’s capital will be treated by the custodians as margin and collateral.

BTIG, LLC serves as the Funds’ Prime Broker. Goldman Sachs Execution & Clearing, L.P. and Pershing, LLC serve as the Funds’ qualified custodians. The Funds may change the Prime Broker and custodians, use additional Prime Brokers and custodians, alter the terms of its arrangements with Prime Brokers and custodians, or make alternative arrangements to receive the services currently provided by Prime Brokers and custodians, all in Toronado’s sole discretion. Notwithstanding its prime brokerage and custodial arrangements, there may be times when a portion of the Master Fund’s assets will be deposited as collateral with financial institutions that serve as counterparties to derivative instruments to which the Fund is a party. The Prime Broker may introduce additional custodians for portions of the Fund’s assets.

In addition, Toronado Capital Management LLC, as the General Partner of the Master Fund, is deemed to have custody over the assets of that Fund. That is because the General Partner of a partnership has broad authority to take possession of the partnership’s assets. Toronado generally also has the ability to instruct the custodians to deduct fees directly from the Funds’ account, which the SEC also considers to be a form of “custody.”

Toronado employs various safeguards to balance its “custodial” powers. For example, a reputable, PCAOB¹-registered independent accountant performs an annual audit of each Fund’s financial statements. All investors receive these audited financial statements, prepared in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds’ fiscal year. In addition, the Funds employ an independent third-party administrator,

¹ PCAOB is the Public Company Accounting Oversight Board, a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection.

which calculates management fees and other compensation, and prepares and sends monthly statements to investors.

Item 16: Investment Discretion

Toronado has full investment discretion over all Client accounts. Clients grant Toronado that discretion through the execution of an investment management agreement or limited partnership agreement or similar contract. By signing a subscription application, each investor in the Master Fund (which is a U.S. limited partnership) also grants Toronado discretion through a power of attorney. Except for the general investment guidelines set forth in the Governing Documents of the Funds, there are no limitations on Toronado's investment authority.

Item 17: Voting Client Securities***Proxy Voting Policy***

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Toronado has adopted and implemented written policies and procedures governing the voting of client securities. Toronado seeks to handle the voting of client proxies in the best interests of its clients. Specifically, Toronado decides how to vote a proxy on behalf of clients after considering a proposal's merits and considers both qualitative and quantitative factors in deciding how to vote. Toronado reviews all proxy solicitation materials and evaluates such information. Toronado's policy is generally to vote against any management proposals that the Firm believes could prevent companies from realizing their maximum market value or would insulate companies and/or management from accountability to shareholders.

Toronado may abstain from voting proxies in the event that the Client's economic interest in the matter being voted upon is limited relative to the Client's overall portfolio or the Client's vote will not have an effect on the outcome or on the Client's economic interests.

A potential conflict of interest may exist if Toronado votes a proxy solicited by an issuer with which Toronado or any Toronado personnel has or had a business or personal relationship that may be affected by Toronado's proxy vote. As per its stated policy, Toronado will seek to resolve any potential conflict keeping in mind the best overall interest of the Clients.

Toronado reviews its proxy voting policy annually in order to determine if it is necessary to amend the current policy.

Clients or prospective clients and investors may obtain a copy of Toronado's proxy voting policies and procedures and/or information concerning its voting record by contacting Michele Clifford by email at mclifford@toronadocap.com or by telephone at 415-969-8681.

Item 18: Financial Information

Toronado is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. Toronado has not been the subject of a bankruptcy petition.