

Ararat Capital Management LP

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This “**Brochure**” provides information about the qualifications and business practices of Ararat Capital Management LP (hereinafter “**Ararat**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Richard Peck, by email at rpeck@araratcapital.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Ararat has applied as an Investment Adviser with the SEC. Registration as an investment adviser does not imply that Ararat or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

This Brochure is Ararat's initial Form ADV Part 2A which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure contains material changes from our last update, we will identify and discuss those changes in this section.

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Item 4: Advisory Business

Ararat Capital Management LP (hereinafter “**Ararat**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited partnership with a principal place of business New York, New York.

Ararat will provide discretionary investment management services to qualified investors through its private funds: Narrow River Capital Partners Master Fund, LP; Narrow River Capital Partners, LP and Narrow River Capital Partners, LTD.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Ararat manages the following private, pooled investment vehicles:

- Narrow River Capital Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”).
- Narrow River Capital Partners, LP, a Delaware limited partnership (the “**Onshore Fund**”); and
- Narrow River Capital Partners, LTD, a Cayman Islands exempted company (the “**Offshore Fund**”);

The Master Fund, the Onshore Fund and the Offshore Fund are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**.”

We do not currently participate in any Wrap Fee Programs.

Currently, we have \$153,984,720 regulatory assets under management.

Item 5: Fees and Compensation

The fees applicable to each of the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

Management Fee

Ararat is paid an investment management fee ("**Management Fee**") per annum of the net asset value of the Funds.

The Fee will range from 1.0% to 1.75% per annum.

Ararat, in its sole discretion, may waive or modify the Management Fee for any Investor.

Other Types of Fees or Expenses

Ararat is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

Expenses paid by the Firm may generally be divided into two categories: (i) Operating Expenses and (ii) Organizational Expenses. While the Firm is responsible for these expenses, the Fund will pay these expenses with the Firm bearing its share of expenses through its investment in the Fund.

Operating Expenses

The Fund will bear all expenses relating to its ongoing structure and operation, including, without limitation, all fees, costs and expenses associated (directly or indirectly) with the negotiation, financing, sourcing, acquiring, holding, monitoring, hedging, settling and disposing of investments or proposed investments; other transaction costs, including, without limitation, transaction fees, custodial fees, brokerage fees, commissions, consulting, advisory, due diligence, investment banking, legal, financial, auditing, accounting, research, third-party consulting and other professional fees and expenses related to investments and proposed investments, as well as all fees, expenses, interest payments and principal payments due to any lenders, investment banks and/or other financing sources in connection with the financing, sourcing, acquiring, holding, monitoring, hedging and disposing of investments or proposed investments; custodial fees, appraisal fees and expenses; all investment-related travel expenses and travel expenses related to the purchase, sale or transmittal of Fund assets; all entity-level taxes, fees and other governmental charges; the costs of any insurance (including, without limitation, general partner liability insurance, errors and omissions insurance, directors and officers insurance, if any, and other insurance policies with respect to the Fund's business and affairs); directors' fees; expenses incurred in the collection of monies owed to the Fund; Management Fees; expenses related to mixed-use hardware and software and other technology and services; legal, regulatory, compliance, auditing, research and accounting fees and expenses (including, without limitation, fees and expenses of any administrator of the Fund; expenses associated with the preparation and delivery of financial statements and tax returns, if any; extraordinary expenses (including, without limitation, litigation related and indemnification expenses, whether payable in connection with a proceeding involving the Fund or otherwise, and including the amount of any judgment or settlement paid in connection therewith); the costs of any reporting to Clients; reasonable expenses incurred in connection with any meetings of Clients and reasonable expenses of the

members and meetings of any committee of the Fund; any “broken deal” or failed transaction expenses; expenses incurred in connection with the dissolution, liquidation and termination of the Fund; and expenses incurred in connection with the preparation of amendments to the Memorandum and Articles.

The Fund does not have its own separate employees or offices, and it does not reimburse the General Partner or Ararat for salaries or office rent. As provided below under “Ararat Expenses,” the General Partner and Ararat are responsible for all of their normal overhead expenses and other similar expenses.

Organizational Expenses

The Fund will bear all costs and expenses relating to the organization of the Firm and to the offering of Interests (including government filing fees, stamp duties or other taxes, legal and accounting fees, printing and mailing expenses, and any other organizational costs, if any).

Firm Expenses

The Firm is responsible for all ordinary overhead expenses, including rent, furniture, fixtures, equipment, office supplies, computer equipment, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, analytical and support personnel.

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

We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

Item 7: Types of Clients

Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client’s investment objectives and guidelines as set forth in the Offering Documents.

Investment Objective

The Fund will employ a long/short equity investment strategy. The Fund's investment objective is capital appreciation through compounding superior absolute rates of return measured over multi-year periods. In order to achieve this goal, the Fund will opportunistically enter into long and short positions in equity securities of companies across sectors and geographies, purchase securities on margin, enter into over-the-counter derivatives, including, without limitation, equity derivatives or foreign exchange hedges. There will be a particular emphasis on companies of small- to medium-sized market capitalization. The Fund's portfolio will be comprised of core investment positions which are managed dynamically through an analytically influenced process.

The Fund's portfolio is expected to include (i) long positions in securities of companies where the Firm believes it has identified a fundamental value driver for capital appreciation; and (ii) short positions in securities of companies where the Firm believes there are one or more fundamental drivers for business deterioration or performance below expectations.

The investment strategies described herein are those that the Firm expects to employ on behalf of the Fund. However, there are no limitations on the investment strategies that the Fund may employ or types of assets in which it may invest, and the Firm may adjust the strategy that it pursues or the asset classes in which the Fund invest opportunistically to respond to, or to take advantage of, changing market conditions and new investment opportunities.

Risk Management

The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved or that the Fund will be profitable, and results may vary substantially over time. The Firm will focus on managing risk through the quality of its investment process and monitoring of investments.

Risk of Loss Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Ararat.

Market Risk

All securities investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objective or that investors will not lose all or substantially all of their investment in the Fund.

Market risk is a factor in any investment. During the last several years in particular, a high level of volatility in the financial markets has increased risk generally. Continued volatility could disrupt the investment strategies of the Fund, decrease the value of the portfolio and adversely impact its profitability. Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of such recent market turmoil and the overall weakening of the financial services industry, the financial condition of the Fund, custodians/prime brokers and other financial institutions may be adversely affected, and they may become subject to legal, regulatory, reputational and/or other unforeseen risks that could have a material adverse effect on the Fund's business and operations.

Special Situation Investments

The Fund may invest in companies involved in, or the target of, acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Use of Leverage

The Fund may employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable or appropriate by the FIRM and/or the General Partner from time to time. The use of leverage increases both the possibility for gain and the risk of loss. Loans typically will be secured by the Fund's securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Fund is unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Fund's borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Fund's profitability.

Options

The Master Fund may engage in the trading of options when appropriate. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to

the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Derivatives

The Fund may invest in derivative financial instruments. In addition, the Fund may, from time to time, utilize both exchange-traded and over-the counter futures, options and contracts for differences, for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Fund may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin, and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Risks of Foreign Investments

The Fund may invest in securities of foreign companies, governments and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Fund may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Fund may invest may be thinly traded and relatively illiquid or may cease to be traded after the Fund invests in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Fund occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Fund may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

Hedging Transactions

The Fund may engage in a variety of hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and

the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Fund. The success of the Fund's hedging strategy will be subject to the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund's hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Fund than if no such hedging transactions were executed. Moreover, the Firm may determine not to hedge against, or may not anticipate, certain risks. Finally, the Fund may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

Equity Securities

The Fund will invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.

Short Sales

The Fund will engage in short selling. Short selling involves selling securities that may or may not be owned by the seller, and borrowing the same securities 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 declines in the value of securities. However, such practice can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale of a debt instrument, such as a bond, involves the theoretical risk of an increase in the market price plus accrued interest. A short sale of equity securities involves the theoretical risk of an unlimited increase in the market price of the securities sold short. Moreover, short selling is limited to securities that can be borrowed, and it may be necessary to cover short positions at an undesirable time and at undesirable prices if the lender recalls the securities or the securities can no longer be borrowed.

Small and Medium Capitalization Companies

The Fund expects to place particular emphasis on investing in the equity and other securities of companies with small to medium-sized market capitalizations. While such companies may provide significant potential for appreciation, such investments, particularly small capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some medium or small-capitalization securities, an investment in those securities may be illiquid. The small to medium-sized market capitalization securities may, at times,

significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

Cybersecurity Breaches and Identity Theft

The information and technology systems of the Firm, Ararat and their affiliates and their service providers and portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. Although the Firm, Ararat and/or their affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, Ararat and the Funds, their affiliates, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm the reputation of the Firm, Ararat and the Funds, their affiliates, their service providers and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of information and technology systems may interfere with the processing of Client subscriptions or redemptions, impact the Fund's ability to value its assets, cause the release of confidential information and/or subject the Firm, Ararat and Funds and/or their affiliates to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. Such parties also may incur substantial costs for cyber- security risk management to prevent any cyber incidents in the future. The Fund and/or the Investors could be negatively impacted as a result.

Lack of Liquidity; Limitations on Redemptions

Voluntary redemptions by the Investors are limited and may be made only at specified times or in connection with a Trigger Event as described elsewhere herein. The Fund may find it necessary to establish one or more reserves (in connection with an illiquid investment) for contingent liabilities, such as in connection with pending litigation, by withholding a certain portion of the amount payable in connection with the redemption until resolution of such contingencies. In addition, the Fund may elect to make a distribution in-kind by distributing securities to a redeeming Investor. There can be no assurances that an Investor will be able to sell the securities received for the amount at which the securities were valued for purposes of the redemption. The risk of a decline in the value of such securities in the period from the relevant redemption date to the date upon which such securities are distributed to the redeeming Investor, and the risk of any loss or delay in liquidating such securities, will be borne by the redeeming Investor. The Fund also may require that any Investor redeem all or a portion of its Shares. Distributions, other than permitted redemptions, are solely at the discretion of the Fund. It is the intention of the Fund to accumulate capital and not to make any discretionary distributions (including dividends) to Investors other than with respect to redemptions. The General Partner shall have the right to make redemptions from time to time, including, without limitation, redemptions to pay taxes on gains or income generated by Fund results.

No Protection under the Investment Company Act

In reliance upon a statutory exemption for privately offered investment companies, the Fund has not registered as an investment company under the Investment Company Act or the laws of any country or jurisdiction. Therefore, the protections afforded by the Investment Company Act to investors in registered investment companies will not be available to the Investors. Among other things, the Investment Company Act generally requires registered investment companies to have a majority of disinterested directors, requires securities held in custody to be segregated by ownership at all times and to be marked clearly as the property of such investment company and regulates the relationship between the adviser and the investment company.

Item 9: Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

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

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

Code of Ethics

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

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

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees are not permitted to maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives) except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are permitted to liquidate positions held at the time of employment in Reportable Securities (a “**Liquidating Trade**”) subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”).

Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm's Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

Ararat is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm may use "**Soft Dollars**". In such cases, Soft Dollar credits, generated by the Fund's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Fund expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Ararat nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and

other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

Item 13: Review of Accounts

Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end.

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Ararat.

We will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

At this time, Ararat has not yet voted any proxies. In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with the Client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

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

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.