

Bayberry Capital Partners LP

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Bayberry Capital Partners LP. If you have any questions about the contents of this Brochure, please contact us by phone at (212) 866-3059 or by e-mail at brian@bayberrycp.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Bayberry Capital Partners LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Bayberry Capital Partners LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Bayberry Capital Partners LP filed its most recent Brochure on July 15, 2019. This Brochure has been updated to reflect that Bayberry Capital Partners LP moved to a new office in March 2020. There are no other material changes in this Brochure. However, clients and investors are encouraged to read this document in its entirety.

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Item 4. Advisory Business

Bayberry Capital Partners LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed on September 26, 2018. We are principally owned by Angela Aldrich (the “Portfolio Manager”) and Brian C. Smith (together, the “Principals”).

We provide discretionary investment advice to the following private funds (collectively, the “Funds”): (i) Bayberry Onshore Fund LP (the “Onshore Fund”), (ii) Bayberry Offshore Ltd. (the “Offshore Fund”), and (iii) Bayberry Master LP (the “Master Fund”). The Onshore Fund and the Offshore Fund are feeder funds that invest through the Master Fund. We may also provide investment advice to additional private funds and separately managed accounts in the future. References throughout this document to “clients” refer to the Funds and any other private funds and separately managed accounts we may advise in the future.

The Funds are managed in accordance with their own investment and trading objectives, as described in their respective offering documents and governing agreements. We do not permit investors in the Funds to impose limitations on the investment activities described in such documents. Under certain circumstances in the future, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by that client. We would negotiate such arrangements on a case-by-case basis. (See *Item 16 - Investment Discretion*.)

Bayberry Capital Fund GP LP (“Bayberry GP”) serves as the general partner to the Onshore Fund and the Master Fund.

We do not participate in wrap fee programs.

As of December 31, 2019, we managed \$499,587,570 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

Our fees and compensation are described in the advisory contracts we enter into with the Funds, as well as in the Funds’ offering memoranda. All of our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

We are paid management fees from the Funds quarterly in advance. Once paid, the management fees are non-refundable. We will not reduce, waive, assign, participate or otherwise share or modify the management fee payable with respect to any investor (including Bayberry GP and any of our affiliates), without prior notice to all investors. No management fees are paid with respect to interests/shares held by the Principals or by our employees or employees of our affiliates.

We or our affiliates are also entitled to receive performance-based allocations from the Funds, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

In general, the Funds bear all of their operating expenses, which include, without limitation: (i) organizational and offering expenses; (ii) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Funds, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data,

analytics, modeling, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data feeds, subscriptions, expert networks, political intelligence providers and reports); (iii) research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals and subscriptions; (iv) each Fund's *pro rata* share of our portfolio management system and any other software used for accounting and/or monitoring of its portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services; (v) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith; (vi) travel and related expenses associated with investments and potential investments; (vii) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal and other advisory fees and expenses; (viii) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (ix) expenses associated with legal and regulatory filings of the Funds in the United States or in any other jurisdiction (including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as each Fund's *pro rata* portion of the expenses associated with preparation and filing of our Form 13F, Form 13H and Form PF, if applicable, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (x) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator (the "Administrator"); (xi) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization; (xii) broken-deal, failed transaction, break-up and similar fees, costs and expenses (if any); (xiii) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (xiv) expenses incurred in the collection of monies owed to the Funds, as applicable; (xv) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (xvi) any entity level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular investor; (xvii) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (xviii) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (xix) costs and expenses associated with meetings of the investors; (xx) insurance expenses, including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any; (xxi) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (xxii) wind-up, liquidation, termination and dissolution expenses; (xxiii) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, filings with the Commodity Futures Trading Commission and notices and other securities and/or investment-related filing expenses; (xxiv) costs related to any transfers of interests/shares, unless otherwise charged to or borne by the applicable transferor and/or transferee; (xxv) expenses incurred in connection with the preparation of any amendment to the Funds' operating agreements and the private placement memoranda; (xxvi) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation

or similar proceeding by the Funds; (xxvii) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (xxviii) the above-described management fee; (xxix) fees and expenses of the Funds' directors as applicable and (xxx) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds.

Certain investors in the Funds will also be subject to withdrawal fees, if withdrawals are made prior to the satisfaction of agreed-upon holding periods.

We also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

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

We or our affiliates are entitled to receive an incentive allocation from the Funds on an annual basis in arrears and upon withdrawals by investors. Such incentive allocation is based on the net capital appreciation of the Funds' assets. We or our affiliates will not reduce, waive, assign, grant participation in or otherwise share the incentive allocation with respect to any investor (including our affiliates) without prior notice to all investors. No incentive allocation will be allocated with respect to interests/shares held by the Principals or by our employees or employees of our affiliates.

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

The Funds are our only clients and they operate through a master-feeder structure. To the extent that we advise additional client accounts in the future, performance-based compensation arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if we manage additional client accounts in the future, we will adopt and follow procedures designed and implemented to ensure that all clients are treated fairly and equitably.

In addition, because the Funds' management fees and performance-based compensation are generally based on the Funds' net asset values, we have a conflict of interest in valuing the Funds' assets. To mitigate this conflict, we follow our documented valuation policies and periodically consult with auditors and the Administrator.

Item 7. Types of Clients

Investors in the Funds are generally high net worth individuals, institutional investors, endowments, foundations, funds of private funds, and family offices that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended (the "Security Act")) and qualified purchasers. The minimum initial investment in the Funds is generally \$1,000,000 for certain classes of the Funds' shares/interests and \$5,000,000 for certain classes of the Funds' shares/interests and \$20,000,000 for

certain other classes of the Funds' shares/interests. We may waive such minimum under certain circumstances.

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

Methods of Analysis and Investment Strategies Generally

Investment Objective and Strategy

The investment objective of each Fund is to generate positive, idiosyncratic and largely uncorrelated returns for investors driven by security selection, deep fundamental primary research, and a relentless focus on protecting and compounding investor capital irrespective of market environment.

We seek to build a portfolio of long and short positions as a product of creative idea generation, deep fundamental research and a consistent focus on force-curving out good ideas for great ones. The Funds' universe of investments global in nature, and we generally focus on small- and mid-cap public equities as we believe the mid-cap universe contains the most "researchable" ideas (*i.e.*, businesses that we can understand and that lend themselves to our deep, fundamental primary research model). The Funds' universe of investments and our idea generation process seeks to optimize for opportunities where we believe our team's deep, fundamental primary research process and long-term investment horizon can provide a competitive advantage. We seek to apply the same research process to both long and short investment opportunities.

The investment strategies described herein are those that we expect to employ on behalf of the Funds. However, there are no limitations on the investment strategies that the Funds may employ, and we may adjust the strategy that we pursue opportunistically to respond to, or to take advantage of, changing market conditions and new investment opportunities. Further, we may invest opportunistically in securities or transactions that vary from the core strategy of the Funds. There can be no assurance that the Funds' investment objectives will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

Risk Factors

Our investment strategy involves significant risks. A discussion of the material risks is provided below. Prospective investors in the Funds are urged to review the relevant Fund's private placement memorandum carefully and consult with their own financial, legal and tax advisers before investing.

General Investment and Trading Risks. All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, the Funds could experience losses as a result of a decline in the market value of securities in which the Funds hold a long position or an increase in the value of securities in which the Funds hold a short position. The Funds' investment programs include short sales, which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject. The risk management techniques that may be used by us do not provide any assurance that the Funds will not be exposed to a risk of significant investment losses. No guarantee or representation is made that the Funds' investment programs will be successful, that the Funds will achieve their targeted returns or that

there will be any return of capital invested to investors in the Funds. In addition, investment results may vary substantially over time.

Investment Judgment. The profitability of a significant portion of the Funds' investment program depends to a great extent upon correctly assessing the future profitability of the price movements of securities and other investments. There can be no assurance that we will be able to accurately predict the long-term results of any security or other investment.

General Economic Conditions. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the Funds' investments and could impair the Funds' profitability or result in losses. We may consider some or all of these factors when making trading decisions. The Funds could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Funds seek to invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect the Funds from significant losses under certain market conditions.

Availability of Suitable Investments. The success of the Funds' investment and trading activities depend on our ability to identify overvalued and undervalued investment opportunities and to manage market exposure risk. Identification and exploitation of the investment strategies to be pursued by the Funds involve a high degree of uncertainty. No assurance can be given that we will be able to identify suitable investment opportunities in which to deploy all of the Funds' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Funds. Certain of the investment strategies employed by the Funds may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue and no representation is made by us as to what results the Funds will or are likely to achieve based on these trends and relationships.

Available Information. We may select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to us by such issuers, or through sources other than the issuers. Although we evaluate all such information and data, and seek independent corroboration when we consider it appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

Concentration of Investments; Limited Diversification and Sector Investing. The Funds may hold a limited amount of positions (both long and short) at any given time and the Funds may hold relatively large positions in few securities. As a result of the Funds' possible lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset values of the Funds and the Funds' rates of return. Therefore, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on the performance of the Funds. Our specialized investment strategy and potential lack of diversification may be more vulnerable to changes in the economy or those industries or

other factors than a broad based portfolio, and, as a result, performance results may be highly volatile and may result in the Funds significantly outperforming, or under-performing, the market as a whole.

Equity Securities. The Funds 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. A risk of investing in the Funds is that equity securities held by the Funds may decline in value. 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. In addition, equity securities that we believe are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that we anticipate.

Debt Securities. Although the Funds trade primarily in equities, the Funds may also invest in debt or other fixed income securities, including non-investment grade securities, or other fixed income securities, including non-investment grade securities, and similar obligations and instruments. Particularly with respect to non-investment grade securities, there is a risk that the issuer will default on its payment obligations. The market values of debt instruments may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments may decrease significantly. Debt instruments may also be less liquid than equities, particularly during periods of market dislocation. The lack of a liquid secondary market may have an adverse effect on the market price and the Funds' ability to sell particular securities.

Short Sales. Short selling involves selling securities that may or may not be owned 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 a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, short sellers are subject to the risk of a "short squeeze." A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the security that has been loaned at any time. If a lender were to demand the return of securities that the Funds have borrowed, the Funds would be required to replace the borrowed securities by borrowing identical securities from another lender. If the Funds were unable to replace the borrowed securities, they would be required to close out the short sale by buying identical securities in the market to make delivery. In such event, the Funds could incur significant losses if the securities sold short had increased in value.

The Funds also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice. In addition, the cost to borrow securities in connection with short sales may be significant.

Hedging. The Funds engage in certain 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 Funds. The success of the Funds' hedging strategies will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategies 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 Funds' hedging strategies will also be subject to our 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 Funds than if no such hedging transactions were executed. Moreover, we may determine not to hedge against, or may not anticipate, certain risks. Finally, the Funds may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

Options. The Funds 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 purchase 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 Funds may invest in derivative financial instruments. In addition, the Funds 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 Funds 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.

Forex Trading. The Funds may enter into transactions that are not traded on an exchange, and the funds that the Funds invest in those transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty becomes insolvent and the Funds have claims for amounts deposited or profits earned on transactions with the counterparty, the Funds' claims may not receive a priority. Without a priority, the Funds are general creditors and their claims will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even the Funds' funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. Forex trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset values of the Funds.

Leverage. The Funds employ leverage in connection with their investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as we and/or our affiliates may determine in our sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, loans, repurchase agreements, derivative instruments that are inherently leveraged, margin borrowing from securities brokers and dealers and other financing arrangements, as determined by us and/or our affiliates in our sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss.

Leverage employed by the Funds may be secured by the securities holdings and other assets of the Funds, as applicable. If such leverage is cross-collateralized among the Funds, the assets of each Fund will be subject to the risk of loss. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Funds are 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 Funds' borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Funds' profitability.

Securities Lending and Borrowing. From time to time the Funds lend securities to securities brokers and other institutions as a means of earning additional income, or may borrow securities from securities brokers or other institutions to cover short positions. The cost of such borrowing may be significant. If the other parties to such transactions become insolvent or bankrupt, the Funds could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of such securities changes, the Funds could experience further losses. Security loans must be fully collateralized, and we must be satisfied with the creditworthiness of the other party to the transaction.

Price and Liquidity Fluctuations of Investments. It is expected that the majority of the Funds' investments will be in public securities. However, the market value of the Funds' investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which the Funds invest. During periods of limited liquidity and higher price volatility, each Fund's ability to acquire or dispose of its investments at a price and time that the Funds deem advantageous may be impaired. As a result, in periods of rising market prices, the Funds may be unable to participate in price increases fully to the extent that they are unable to acquire the desired positions quickly; the Funds' inability to dispose fully and promptly of positions in declining markets will conversely cause their net asset values to decline as the value of unsold positions is marked to lower prices.

Possible Illiquidity of Investments; Investments in Restricted Securities. Although the Funds do not expect to, the Funds may invest in private deals, the securities of which are not traded on public exchanges and are subject to restrictions on sale because they were acquired from the issuer in "private placement" transactions or because the Funds are deemed to be affiliates of the issuer. Generally, the Funds cannot sell these restricted securities publicly in the United States without the expense and time required to register the securities under the Securities Act and may not otherwise sell such securities in the United States unless such sale is exempt from registration under the applicable provisions of the Securities Act.

Trade Error Risk. Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume and complexity of transactions executed by us on behalf of the Funds, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, we will not reimburse a client account for losses resulting from trade errors unless in accordance with the terms of the exculpation provision in such client's governing documents.

Competition. The securities industry is extremely competitive. We will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Funds' opportunity for profit by reducing the availability

of or increasing the price of what we believe to be, based on the Funds' investment criteria, exceptional investment opportunities.

Securities Market Volatility. Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to those developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

Risk of Operations/Liquidity Risks. Although the majority of securities the Funds may acquire will be traded on public exchanges, such exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Funds to liquidate their positions and would thereby expose them to losses. In addition, some of the securities in which the Funds may invest may be thinly traded, potentially making it difficult for the Funds to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so.

Risks of Foreign Investments. The Funds 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, involve 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 Funds 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 Funds 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 Funds invests may be thinly traded and relatively illiquid or may cease to be traded after the Funds invest in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Funds occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Funds may not be able to liquidate investments promptly, if the need should arise, which would materially and adversely affect the results of such investments.

Company Capitalization. The Funds may invest in securities of companies with various capitalizations where such companies meet the Funds' investment criteria. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. The prices of small-capitalization and even medium-capitalization and mid-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 small-, mid- and medium-capitalization securities, an investment in those securities may be illiquid. The small-, mid- and medium-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.

Securities of Sub-Investment Grade Companies. Special risks may arise if the Funds invest in the securities of sub-investment grade and highly-leveraged companies. Although such investments may result in significant returns to the Funds, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing works against a Fund’s short position, the Fund’s losses would be heightened. If the Funds purchase distressed and/or non-performing debt securities, and subsequent to purchasing them finds that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Funds invest, the Funds may lose their entire investment. Under such circumstances, the returns generated from the Funds’ investments may not compensate the investors adequately for the risks assumed.

Special Situation Investments. The Funds 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 Funds 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 Funds may be required to sell their investments at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

Borrowing; Interest Rates; Margin. We and/or our affiliates borrow funds from brokerage firms and banks on behalf of the Funds to be able to increase the amount of capital available for marketable securities investments. The rates at which the Funds can borrow, in particular, will affect the operating results of the Funds. Even if the Funds make a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade. Any use of short-term borrowings or repurchase agreements will result in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds’ margin accounts or repurchase obligation decline in value, the Funds could be subject to a “margin call,” pursuant to which the Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Funds’ assets, the Funds might not be able to liquidate assets quickly enough to pay off their margin debt.

Institutional Risks. Institutions have custody of the assets of the Funds. Certain assets of the Funds will be exposed to the credit risk of the dealers, brokers and exchanges through which we deal, whether we engage in exchange-traded or off-exchange transactions. These firms and/or financial institutions,

regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Funds. If any broker-dealer or other financial institution holding the Funds' assets were to become bankrupt or insolvent, it is possible that the Funds would be able to recover only a portion, or in certain circumstances, none of their assets held by such bankrupt or insolvent entity.

Counterparty Risk. Brokers may trade with an exchange as principals on behalf of the Funds, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Funds (for example, the transactions that the broker has entered into on behalf of the Funds as principal as well as the margin payments that the Funds provide). In the event of such broker's insolvency, the transactions into which the broker has entered as principal could default, and the Funds' assets could become part of the insolvent broker's estate, to the detriment of the Funds. The Funds' assets may be held in "street name," in which case, a default by the broker could cause the Funds' rights to be limited to that of an unsecured creditor.

To the extent that the Funds invest in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Funds may also take a credit risk with respect to the parties with whom they trade and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Discretion and Changes in Investment Strategy. We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria or hedging techniques used by the Funds without the consent of the Funds' investors.

Business Continuity and Disaster Recovery. Our business operations and the operations of our affiliates, the Funds and their portfolio companies may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (*e.g.*, tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although we and/or our affiliates have implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Funds and the investors' investments therein.

Cyber Security Breaches and Identity Theft. Our information and technology systems, and the systems of our affiliates, the Funds and their service providers and their 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. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although we and our affiliates have implemented 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, we, our affiliates, the Funds, 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/or 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 our reputation and/or the reputation of our affiliates, the Funds 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 such systems may interfere with the processing of investor subscriptions or redemptions, impact the Funds' ability to value their assets, cause the release of confidential information and/or subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds also may incur substantial costs for cyber-security risk management to prevent any cyber incidents in the future. The Funds and the investors could be negatively impacted as a result.

Outsourced Trading. We expect to delegate the authority to select brokers for the Funds' transactions to a third party. As a result, the Funds' expenses may be higher, as a result of paying such third party than if we traded directly with such brokers.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or our management.

Item 10. Other Financial Industry Activities and Affiliations

As noted above, Bayberry GP serves as the general partner to certain Funds.

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

Code of Ethics Overview

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Personal Trading Policy

Employees are generally prohibited from engaging in personal trading, but are able to transact in exchange-traded funds and private investments after obtaining prior written consent of our Chief Compliance Officer (the "CCO"). Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading

also generally apply to an employee's spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

Participation or Interest in Client Transactions

We make available to qualified prospective investors the opportunity to invest in the Funds. Our Principals have significant personal investments in the Funds. In addition, we or our affiliates are entitled to receive performance-based allocations from one or more Funds.

We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with our written procedures and applicable law.

Item 12. Brokerage Practices

Selection of Brokers

We have an obligation to seek to obtain "best execution" for the Funds with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of Fund transactions, taking into account various factors. Such factors include but are not limited to: price, the ability of the brokers to affect the transactions, the brokers' reliability and financial responsibility and the provision or payment (or the rebate to the Funds for payment) of the costs of property or services (e.g., short-term custodial services, research services, news and quotation services, publications, and other services and facilities). In selecting brokers to execute transactions (or series of transactions) and determining the reasonableness of the brokers' compensation, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

As part of our quarterly Board of Directors meetings, we evaluate, among other things, the execution that we are receiving from brokers. In conducting its analysis, the committee may consider the factors listed above, among others, and reviews gifts and entertainment received, and any known conflicts of interests (e.g., directing commissions to a broker that a family member is employed).

Research and Other Soft Dollar Benefits

We enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We have a potential incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution.

When engaging in soft dollar transactions, we comply with the safe harbor requirements of Section 28(e) of the Exchange Act. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service additional clients in the future and not exclusively in connection with the management of the clients that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

We also execute securities transactions on behalf of the Funds with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business that we direct to such broker-dealers.

During our last fiscal year, we acquired research (such as proprietary research, and corporate access from brokers) with client brokerage commissions (or markups or markdowns).

Brokerage for Client Referrals

Subject to applicable law and from time to time, we route client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

Trade Errors

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will not reimburse a client account for losses resulting from trade errors except to the extent that such reimbursement is in accordance with the terms of the exculpation provision in such client's governing documents.

Aggregation of Orders

We will not aggregate trades while the Funds are our only clients, since they operate through a single master-feeder structure.

Item 13. Review of Accounts*Review of Accounts*

The Firm is obligated to purchase and sell only securities (or other financial instruments) that are consistent with the Funds' investment objectives. The Portfolio Manager has ultimate responsibility for all investment decisions.

The Portfolio Manager is primarily responsible for ensuring that the securities (or other financial instruments) held by each Fund are consistent with the guidelines set forth in its offering documents. In addition, our CCO periodically reviews each Fund's portfolio holdings to determine that the securities (and other financial instruments) held by the Fund remain consistent with its investment strategy, objectives, and guidelines.

Reporting

We furnish investors in the Funds with written unaudited performance reports on no less than a monthly basis and unaudited account statements reporting the relevant Fund's net asset value on a quarterly basis. In addition, on an annual basis, we provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

Pursuant to "side letter" or other agreements, we may provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notifications of redemptions from the Funds by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

Item 14. Client Referrals and Other Compensation

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

We do not compensate any third-party marketers for introductions to potential investors or clients.

Item 15. Custody

For purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Custody Rule"), we are deemed to have custody over the Funds' assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and

(iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund's fiscal year.

Item 16. Investment Discretion

We have discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in their offering and governing documents. Under certain circumstances, we may contract with a separately managed account client to adhere to limited risk and/or operating guidelines imposed by the client. We would negotiate such arrangements on a case-by-case basis.

Item 17. Voting Client Securities

We generally have voting discretion over securities held in our clients' accounts and clients are generally not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client.

We have retained a third party (the "Proxy Firm") to provide research, proxy voting execution, reporting, recordkeeping and reconciliation services. We generally vote in accordance with the Proxy Firm's recommendations, but may vote differently in our discretion. In assessing a proxy, we may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer's views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure), and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer's performance. If we deem that the issue being voted upon is not material for us and our clients, or we determine that the cost of voting a proxy would exceed the expected benefit to our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

Item 18. Financial Information

We are not required to include our balance sheet for our most recent fiscal year with this Form ADV Brochure.

Item 19. Requirements for State-Registered Advisers

We are not a state-registered adviser.