

# **ROBERTSON OPPORTUNITY CAPITAL, LLC**

## **ROBERTSON OPPORTUNITY CAPITAL PARTNERS, L.P.**

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Robertson Opportunity Capital, LLC, together with Robertson Opportunity Capital Partners, L.P. its relying adviser, are collectively an investment adviser that is registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Robertson Opportunity Capital, LLC and Robertson Opportunity Capital Partners, L.P. If you have any questions about the contents of this brochure, please contact us at 972-713-5001 or [compliance@rocapital.com](mailto:compliance@rocapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Robertson Opportunity Capital, LLC and Robertson Opportunity Capital Partners, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

Robertson Opportunity Capital, LLC (“ROC”) last annually updated its brochure on March 20, 2019. We have updated this brochure to update ROC’s regulatory assets under management and other general updates for the last year. ROC recommends that you read this ADV Part 2 in its entirety.

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## **Item 4. Advisory Business**

J. Brett Robertson, the principal owner of Robertson Opportunity Capital, LLC (“ROC”), formed ROC in 1995.

ROC is the general partner of Robertson Opportunity Capital Partners, L.P. (“ROCP”). ROCP is the general partner of Robertson Opportunity Fund, L.P., a domestic hedge fund, as well as the general partner of Robertson Opportunity Master, L.P., a British Virgin Islands domiciled hedge fund.

In its role as general partner and investment adviser, ROCP provides investment advice by identifying, evaluating and investing in suitable securities on behalf of the funds. ROCP also currently provides investment advice regarding securities to one privately managed account, which is a joint account held by high net worth individuals. Because ROCP provides investment advice related to specific securities for each of the two pooled vehicles and the individually managed account, each pool is treated as one advisory client for purposes of this ADV, and the separately managed account counts as a third advisory client. ROC, as the general partner and controlling person of ROCP, provides investment advice together with ROCP as part of a single advisory business to each of these three advisory clients. As a result, ROC and ROCP filed a single Form ADV with the SEC (ROC and ROCP together referred to as “we”).

We employ a fundamental, bottom-up, research-driven approach to identify and evaluate suitable securities. We use a concentrated, all-cap, value-based long/short strategy. We are investors (not speculators) and seek to exploit neglected or misunderstood situations. We also look across the entire capital structure for the best risk/reward opportunities.

We adhere to the investment strategy set forth in our fund clients’ offering documents.

We do not tailor our advisory services to the individual needs of clients who are invested in the funds or who have managed accounts, and our clients may not impose restrictions on investing in certain securities or types of securities.

We managed \$249,150,724 of client regulatory assets under management on a discretionary basis (calculated as of December 31, 2019). We do not manage any client assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### **Funds:**

With respect to Robertson Opportunity Fund, L.P. and Robertson Opportunity Master, L.P., ROCP receives a quarterly management fee of approximately 0.25% of each limited partner’s capital account balance. Additionally, Robertson Opportunity Capital Partners

II, L.P. (“ROCP II”), a special limited partner in each fund and an affiliate of ROC and ROCP, is entitled to receive a performance-based profit allocation at the end of each year equal to 20% of the funds’ net profits attributable to each eligible limited partner for such fiscal year, but only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula (the “Performance Allocation”).

All fees are attributable to individual investors in each of the funds. Investors are not charged duplicative fees when a fund invests through another fund.

Fees payable by the fund clients are non-negotiable, except that underlying investors in the funds may negotiate different investment terms including fees, through a side letter, but only on a case-by-case basis. Fees are deducted quarterly from each fund’s account.

Investors in the funds who do not meet the “qualified client” definition are not charged a performance fee or a performance-based profit allocation. Instead, they are charged a supplemental quarterly management fee of approximately 0.375% in addition to the standard management fee, for an aggregate quarterly management fee of approximately 0.625%.

In addition, each fund bears all expenses related to its own respective investment program, including, but not limited to:

- Brokerage commissions and charges (Please see “*Item 12. Brokerage Practices*” for more information.);
- Fees and charges of custodians and clearing agencies;
- Interest and commitment fees on loans and debit balances;
- Income taxes, withholding taxes, transfer taxes and other governmental charges and duties;
- Legal fees;
- Auditing and accounting fees;
- The costs of any liability insurance or fidelity bonding obtained on behalf of or for the benefit of the fund; and
- The costs of printing and distributing any offering documents and any reports and notices to current or prospective investors.

**Separately Managed Account:** We currently advise one separately managed account maintained on behalf of two high net worth individuals in a joint account. The managed account client pays a quarterly management fee of approximately 0.1875% of the net asset value of the account and a performance fee at the end of each year equal to 10% of

the profits earned by the account during the year, subject to a “high water mark.” However, for any separately managed accounts that we advise in the future, we intend to charge an annual performance fee of 15% of the profits earned by those accounts during the year, subject to a “high water mark.” We invoice the custodian at the end of each quarter reflecting the fees due from the managed account client.

We consider all relevant factors when negotiating fees for separately managed accounts. Typically, separately managed accounts pay management and performance fees that are similar to those charged by the funds. Factors which may cause separately managed account fees to differ include, but are not limited to, account size, expected longevity of the relationship, nature and requirements of the product, stability of the account and payment frequency. Fees for such accounts are negotiable.

Managed account clients do not pay any other fees or expenses in connection with our advisory services.

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

ROCP II, an affiliate of ROC and ROCP, is entitled to receive performance-based compensation as described above in “*Item 5. Fees and Compensation.*” Investors will not be assessed duplicative fees for assets invested by the feeder funds into the domestic fund. We do not currently manage any client accounts that do not pay a performance-based fee.

## **Item 7. Types of Clients**

We advise two private pooled investment vehicles, in a mini-master structure, and a single separately managed account. Each of the funds requires a minimum initial subscription of \$1,000,000, although investments of lesser amounts may be accepted at our sole discretion. The minimum account size for managed accounts is \$10,000,000. Currently, we advise one separately managed account maintained on behalf of two high net worth individuals in a joint account.

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

### **Funds:**

### **Methods of Analysis and Investment Strategies:**

We begin by identifying a company undergoing change. Once identified, we look for one of three additional factors in the early stages: investor neglect or complacency, misunderstanding or extreme polarity of opinion. We believe it is the ultimate recognition, understanding or consensus on the part of investors that drives investments to intrinsic value.

We evaluate a large number of potential investment ideas culled from an extensive network of business, investment community, client and database resources. We are voracious readers, combing through trade journals, financial periodicals and newspapers for potential candidates. We believe the most attractive investments are often the ones least followed by Wall Street. Consequently, we find many of our best ideas among smaller companies where investor scrutiny is less intense.

On the long side, we seek out industry leaders with sustainable competitive advantages, clean balance sheets, management integrity and a proven ability to generate substantial free cash flow. On the short side, we focus on several broad categories, including limited market potential businesses, “transition traps,” over-optimistic turnarounds, frauds, fads and weak/leveraged competitors entering a recession or industry-specific downturn. We look across the entire capital structure, including distressed debt securities, for the best risk/reward opportunities.

Currently, we trade the following instruments: common and preferred stocks, high yield and other debt instruments and options on stocks, taking both long and short positions. Although we do not trade these instruments at present, in the future, we intend to trade distressed debt instruments and bonds, including defaulted securities, when market conditions are more conducive to these instruments. In the future, we also consider trading derivatives and interest rate swaps, as well as hedging securities when attractive investment opportunities for these types of instruments become available.

### **Summary of Some Material Risks:**

An investment in one of our funds is subject to substantial risks, including a risk of loss of all or a portion of any amounts invested in the fund. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of the funds’ investments. This summary does not attempt to describe all of the risks associated with an investment in the funds. Although no summary can fully describe all of the risks associated with such an investment, the offering documents for each fund contain a more complete description of the risks associated with an investment in that respective fund.

Short Selling and Options Trading. The funds’ investment program includes short selling and trading in options. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the assets of the funds. It is our practice to sell securities short, thereby increasing the possibility of profit and the risk of loss. A short sale involves the sale of a security that is not owned in the expectation of purchasing the same security at a later date at a lower price. To make delivery to the

buyer, the funds must borrow the security, and the funds are obligated to pay the lender of the security any dividend or interest payable on the security until it returns the security to the lender. This is accomplished by a later purchase of the security by the funds. By short selling, we run the risk that the person from whom the security was borrowed to effect the short sale may demand the return of the security before we planned. In this situation, we may be forced to cover the short position in the market at a higher price than its short sale. In addition, a short sale involves the risk that the market price of the security will increase. Just as our success with short selling stocks depends on our ability to predict future market prices, the successful use of options depends on our ability to forecast interest rate and market movements correctly. When we purchase an option, the funds run the risk that they will lose their entire investment in the option in a relatively short period of time, unless we exercise the option or enter into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, the funds will lose part or all of their investment in the option. Although we will take an option position only if we believe there is a liquid secondary market for the option, there is no assurance that the funds will be able to affect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which the funds engage in transactions in options, the funds could experience delays and/or losses in liquidating open positions purchased or sold through the broker.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others.

High Yield Securities. On behalf of the funds, we invest in "high-yield" bonds and preferred securities, which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities.) Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse



publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Low-Rated or Unrated Debt Securities. As part of the funds' trading program, we purchase low-rated or unrated debt securities. Such securities may offer higher yields than do higher-rated securities, but generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. The lack of a liquid secondary market for low and unrated debt securities may have an adverse impact on our ability to dispose of such securities and may make it more difficult for us to obtain accurate market quotations. Such transactions are not subject to exchange rules.

Financial Leverage. By nature of our trading, we use financial leverage for certain purposes in managing the funds. We employ strategies where leverage is inherent, including the short selling of securities and the trading of options. Short sellers routinely "borrow" securities to effect short sales, using margin accounts. We will also use leverage in the event that we trade swaps and other derivative securities in the future. If leverage is used, a decrease in the net assets of the funds will tend to be at a greater rate than if leverage were not used. Although the use of leverage increases returns to the funds if they earn a greater return on the incremental investments purchased with the borrowed funds than they pay for such funds, the use of leverage decreases returns to the funds if they fail to earn as much on such incremental investments as they pay for such borrowed funds. In addition, unanticipated increases in applicable margin requirements could adversely affect the liquidity of the funds and therefore also adversely affect their performance.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to the funds of borrowed securities and leveraged investments.

Distressed and Defaulted Securities. Although we do not currently trade any distressed or defaulted securities, in the future, we intend to purchase, directly or indirectly, on behalf of the funds securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of

time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit our access to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. 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 the company in which we invest, the funds may lose their entire investment or may be required to accept cash or securities with a value less than the funds' original investment.

Derivative Instruments. While our current trading of derivative instruments is limited to options, in the future, we will consider trading a variety of derivative instruments. However, derivative instruments may be volatile and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. In the future, we expect to enter into interest rate swaps and similar transactions on behalf of the funds primarily as a means of hedging our own borrowing against fluctuations in interest rates or preserving or enhancing a return or spread on a particular investment or portion of its portfolio. We would consider entering into interest rate swaps on either an asset-based or liability-based basis, depending on whether it is hedging assets or liabilities. In the future, we may also enter into credit default swaps and may either buy protection or sell protection from losses caused by the occurrence of a negotiated default event (a "credit event"). The parties with which we would enter into such derivatives are expected to be banks, broker dealers and other financial institutions. There is no assurance that such hedging transactions will be effective to manage portfolio risk.

Use of derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent us from achieving the intended hedging effect or expose the funds to the risk of loss.

*Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets we may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which we may conduct our transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting the funds to the potential of greater losses.

*Leverage* – Trading in derivative instruments can result in large amounts of synthetic leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the funds and could cause the funds’ net asset value to be subject to wider fluctuations than would be the case if we did not use derivative instruments that provide leverage.

Over-the-Counter-Trading. The derivative instruments discussed above that we intend to purchase or sell in the future include instruments not traded on an exchange. Over-the-counter options, unlike exchanged-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which we can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Hedging Transactions. Although we do not hedge securities at present, it is our intention to purchase or sell securities as a way to mitigate risk associated with its investment; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on the funds’ investments. This may lead to losses on both the funds’ investments and the related transactions. Conversely, there will be times in which we believe that it is not advisable to enter into hedging transactions of securities; accordingly, we may be exposed to fluctuations in currencies and other market conditions specific to the underlying asset.

The success of the funds’ hedging transactions will be subject to our ability to predict correlations between the value of the portfolios’ assets and the direction of securities prices. Therefore, while we may enter into such transactions to seek to reduce securities value risks, unanticipated changes may result in a poorer overall performance for the funds than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

Counterparty and Settlement Risk. To the extent the funds invest in securities, swaps, derivative or synthetic instruments, or other over-the-counter transactions, in certain circumstances, the funds may take on credit risk with regard to parties with whom they trade and may also 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, 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. It may not always be possible

for the securities and other assets deposited with custodians or brokers to be clearly identified as being assets of the funds and the funds may be exposed to credit risk in those situations. In addition, there may be practical or time problems associated with enforcing the funds' rights to their assets in the case of insolvency of any such party. In valuing derivative instruments, it is anticipated that the funds will typically rely on quotes or other information provided by counterparties.

#### **Separately Managed Account:**

#### **Methods of Analysis and Investment Strategies:**

We employ a value-based, multi-strategy credit approach to identifying income securities for the separately managed account. Currently, we only trade common stocks and high yield securities on behalf of the managed account. Although we do not trade these instruments at present, in the future, we intend to trade other distressed debt instruments and bonds, including defaulted securities, when market conditions are more conducive to these instruments. In the future, we also consider trading derivatives and interest rate swaps, as well as hedging securities when attractive investment opportunities for these types of instruments become available.

#### **Risks:**

Please refer to the appropriate risk disclosures above.

### **Item 9. Disciplinary Information**

We have had no legal or disciplinary events to report that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither we, nor any of our directors, officers or principals has been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither we, nor any of our directors, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither we, nor any of our directors, officers or principals has been involved in any self-regulatory organization proceedings.

### **Item 10. Other Financial Industry Activities and Affiliations**

Robertson Opportunity Capital, L.P. (“ROC”) is the general partner of Robertson Opportunity Capital Partners, L.P. (“ROCP”). ROCP is the general partner of Robertson Opportunity Fund, L.P. (“ROF”) and Robertson Opportunity Master, L.P. (“ROM”). ROM invests through ROF in a master-feeder structure. ROC, as the general partner and controlling person of ROCP, provides investment advice together with ROCP as part of a single advisory business to the two funds and the individually managed account (ROC and ROCP together referred to as “we”). As a result, we filed a single Form ADV with the SEC. Each of ROC and ROCP is ultimately controlled by J. Brett Robertson.

We address this potential conflict of interest due to our structure by fully disclosing the relationship among ROC, ROCP and the funds in each fund’s offering documents and by strictly adhering to the investment strategy and business philosophy discussed in their offering documents.

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

Our firm maintains a Code of Ethics which, among other things, causes all employees to register personal trading accounts and requires pre-clearance of all personal trades. All personal securities transactions are to be conducted in a manner consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s position of trust and responsibility and to avoid both the activity and the perception of front-running of firm orders by employees.

Arindum Dutta, Chief Compliance Officer for each of ROC and ROCP (the “Chief Compliance Officer”), will not approve any employee to trade a security in his or her personal account if we are trading the same security that day on behalf of client accounts. The Chief Compliance Officer is responsible for reviewing employee account statements on a regular basis to ensure adherence to the firm’s policies.

To minimize the conflict of interest in connection with personal trading, no employee or principal may purchase or sell any security on the same day that a client account trades in the same security, unless (i) the security is one that is not publicly-traded and (ii) the Chief Compliance Officer makes a judgment, in his reasonable discretion, that the purchase or sale of the security in question is not likely to affect either the price paid for such security by the client or the value of the client’s holdings in such security. In connection with any decision to approve a purchase or sale of a security, the Chief Compliance Officer will document the decision with any necessary explanation and an analysis of any potential conflict of interest.

A copy of the Code of Ethics is available at no charge to any client or prospective client on request.

## **Item 12. Brokerage Practices**

We are responsible for the placement of the portfolio transactions of the clients and the negotiation of any commissions paid on such transactions. We select brokers and dealers based on a variety of factors, including: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. We are not required to weigh any of these factors equally.

We are authorized to pay higher prices for the purchase of securities from, accept lower prices for the sale of securities to or pay higher commissions to brokerage firms that provide us with investment and research information if we determine such prices or commissions are reasonable in relation to the overall services provided. Such investment and research information generated by client fees are termed “soft dollars,” which refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker), as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the “**Section 28(e)**”), provides a “safe harbor” to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. We receive soft dollars from brokers, but we seek to limit the use of such services to those that fall within the safe harbor afforded by Section 28(e).

Of the many types of services available from soft dollars, we generally receive written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and hardware, software, databases and other news, technical and telecommunications services and equipment utilized in the investment management process, including access to a legal research database. Information so received is in addition to and not in lieu of services required to be performed by us, and our fees are not reduced as a consequence of the receipt of such supplemental research information. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In addition to research services, we receive other non-monetary benefits by broker-dealers that we engage to execute securities transactions on behalf of the clients, including access to management, conferences and analysts. These benefits are available for use by us in connection with transactions in which the clients will not participate.

The availability of these benefits may influence us to select one broker rather than another to perform services for the clients.

The use of brokerage commissions to obtain investment research services creates a conflict of interest between us and the clients, because the clients pay for such products and services that are not exclusively for their benefit and that may be primarily or exclusively for our benefit. Clients may pay higher commissions than those imposed by other broker-dealers as a result of the provision of soft dollars benefits. We neither limit the use of soft dollar benefits to client accounts that generated such soft dollars nor allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate. To the extent that we are able to acquire these products and services without expending our own resources (including management fees paid by the client), our use of “soft-dollars” would tend to increase our profitability. In addition, the availability of these non-monetary benefits may influence us to select one broker rather than another, instead of choosing the broker solely based on the clients’ interest in receiving the most favorable execution.

Soft dollars are monitored by the firm to ensure that trades are being directed to brokers commensurate with the value of the services being provided and are sufficient to maintain access to those services which are deemed valuable by the firm.

Transactions of the same security for multiple accounts are aggregated whenever possible. When trades are aggregated, the average execution price will be applied to each participating client account.

## **Item 13. Review of Accounts**

Client accounts are normally reviewed on a weekly basis by Brett Robertson, Manager of ROCP, and Brett Neubert, Member and Director of Investments of ROCP. This review usually takes the form of a portfolio management meeting with all of the analysts to discuss potential new investments and/or specific issues within the existing investment portfolio. This review will be conducted more frequently on an as-needed basis, particularly when triggered by changing economic or market conditions.

Investors in the funds receive quarterly written reports of the fund’s operations from a third party administrator and annual audited financial statements. Investors are given an estimate of their capital account each quarter, along with a written report on fund activities.

Privately managed accounts have separately negotiated terms for reporting. Our current managed account client receives quarterly statements reflecting all account transactions from the custodian directly.

## **Item 14. Client Referrals and Other Compensation**

We are party to a marketing arrangement with one unaffiliated party, as described in the Form D and Form ADV Part 1, whereby we share a portion of the management fee on the capital introduced by such party.

Additionally, we execute trades with several brokers who have introduced investors in our funds in the past, but are not currently making such introductions. Please refer to “*Item 12. Brokerage Practices*” for a more in depth description of the current services that we receive from brokers.

## **Item 15. Custody**

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of the funds’ assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because ROCP has the authority to access our fund’s funds and deduct fees and expenses from the funds’ accounts. In order to comply with Rule 206(4)-2, we utilize the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold all of the funds’ assets.

The custodian provides daily portfolio transactions to a third party administrator, which in turn prepares quarterly statements for the funds. Clients should carefully review these statements.

While we do not have custody of the separately managed account client, its custodian sends quarterly account statements directly to the separately managed account client, and such client should carefully review these statements.

In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit our funds’ accounts at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all investors in our funds within 120 days after the end of the fiscal year.

## **Item 16. Investment Discretion**

### **Funds:**

We accept discretionary authority to manage the funds’ investment accounts. Essentially, this means that, on behalf of the funds, we have the authority to determine, without obtaining specific client consent, the assets to purchase and the price at which to purchase the assets, when to acquire or dispose of investments and how to manage those investments while the funds hold them. Clients may not limit this broad authority, but



various securities and/or tax laws, as well as internal compliance policies, may impose restrictions on potential investments.

Despite this discretionary authority, we adhere to the investment strategy set forth in each fund's private placement memorandum. All investors in the funds are provided a private placement memorandum that sets forth, in detail, the relevant fund's investment strategy and program. By completing subscription documents to acquire an interest in a fund, investors give us complete authority to manage their investments in accordance with the relevant private placement memorandum.

### **Managed Account:**

Pursuant to the investment management agreement between the client and us, the client gives us complete discretionary authority to manage its assets.

## **Item 17. Voting Client Securities**

As general partner or investment adviser, depending on the applicable client, we are delegated the right to vote, on behalf of the clients, proxies received from companies, the securities of which are owned by the clients. Neither the clients nor investors in the funds can direct our vote in a particular proxy solicitation. We have adopted a proxy voting policy and endeavor to vote all proxies for which clients hold a net long position. We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. We then vote in a manner that we believe reasonably furthers the best interests of the clients and is consistent with the investment philosophy as set forth in the relevant investment management documents. The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure and social responsibility. We cast votes for these matters on a case-by-case basis. We generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

If a proxy vote creates a material conflict between our interests and those of a client, we will resolve the conflict before voting the proxy. We will either disclose the conflict to the client and obtain its consent or take other steps designed to ensure that a decision to vote the proxy was based on our determination of the client's best interest and was not the product of the conflict. We feel that, in situations where the clients own stock long but have a net short position, an inherent conflict of interest exists, and we will elect not to vote those shares.

Clients may obtain, free of charge, a full copy of our proxy policies and procedures and/or a record of proxy votes upon request. Any questions or requests should be directed to the Chief Compliance Officer.

## **Item 18. Financial Information**

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We have never been the subject of a bankruptcy petition.