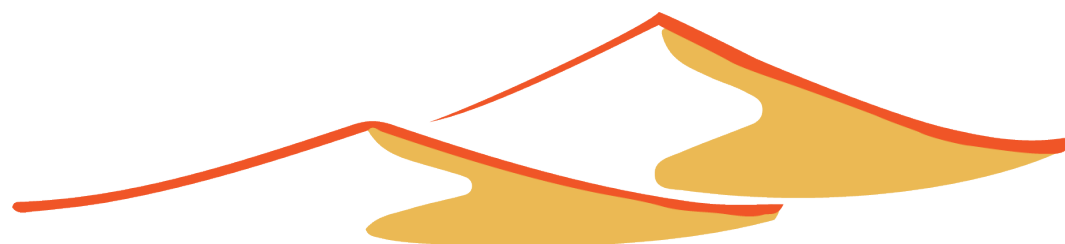


Part 2A of Form ADV

The Brochure



CARAVAN CAPITAL MANAGEMENT

950 Pacific Avenue, Suite 500. Tacoma, WA 98402, USA

Telephone +1 253 230-9011; Fax +1 253 203 3101

www.caravancap.com

March 2020

This brochure provides information about the qualifications and business practices of Caravan Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at +1 253 503 1904. and/or gaizkai@caravancap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Caravan Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov under IARD number 148301.

Material Changes

This brochure is being submitted in connection with Caravan Capital Management's 2019 annual updating amendment. In this amendment, we have updated our regulatory assets under management.

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Item 4 - Advisory Business

Caravan Capital Management LLC (“Caravan”) is an investment management firm registered as an adviser with the SEC and was previously registered in the State of Washington effective June 28, 2012 and prior to that was registered as an adviser with the SEC effective May 21, 2010 until its registration with the State of Washington. Caravan is a privately held company that is majority owned by its employees. The principal owner of Caravan is Clifford Quisenberry.

Caravan provides investment advisory and investment management services to private investment funds, including limited partnerships on which Caravan is either the general partner or the investment manager, and separate accounts. Additionally, Caravan is an advisor to the Caravan Frontier Markets Opportunities Fund, and the subadvisor to the Frontier Caravan Emerging Markets Fund. Both Funds are registered under the Investment Company Act of 1940.

Caravan’s investment objective is long- term capital appreciation by investing in securities and other investment instruments traded in frontier and emerging market countries. Frontier and emerging markets may be known for political or economic instability and illiquid markets.

Caravan tailors its advisory services to achieve the clients’ investment objectives and investment guidelines. Caravan’s clients may impose reasonable investment restrictions which may affect the type of securities that Caravan may buy or sell, or the market where Caravan may be able to invest.

Caravan does not participate in wrap fee programs.

As of December 31, 2019, Caravan had \$69,543,691 in regulatory assets under management. All of Caravan’s assets under management are discretionary.

Item 5 - Fees and Compensation

Private Funds and Managed Accounts Fees

Caravan’s fees are established on a case by case basis. Caravan generally charges a fee based on a percentage of assets under management, called management fees (“Management Fee”). The standard management fee of the private funds managed by Caravan is 2% of the assets. Fees may be negotiable based on the size of the account or other factors.

The management fee is due and payable in advance and charged in quarterly installments (of 0.50% of the value of the net assets calculated on the basis of the value of such net assets as of the opening of business on such day, after giving effect to any contributions and withdrawals). Any Management Fee payable for any period of less than one full calendar quarter will be pro-rated appropriately and be payable on the first day of such period. Clients may terminate the advisory agreement with Caravan by providing written notice. Upon termination, any prepaid management fees related to the remainder of the calendar quarter will be refunded to the client based upon the total months remaining in the billing period for which Caravan’s advisory services were not provided. Caravan may allocate a portion of the management fees it receives to third party marketers to compensate for assets raised.

For separate accounts, Caravan bills the clients for fees incurred. Caravan does not deduct fees directly from separate accounts.

Caravan's clients may incur additional fees. Such fees may include but are not limited to, custodial fees, wire transfer fees, brokerage commissions, transaction fees, fund accounting, fund administration, audit, tax filings and preparation, amortized start-up costs, legal fees, other professional fees, and withdrawal fees that may be assessed in certain investment vehicles to offset trading impact and transaction costs. Such charges, fees and commissions are exclusive of and in addition to Caravan's management fee. Caravan does not receive any portion of these fees.

In addition, Caravan may hold back up to 10% of the withdrawal made by clients of private investment funds until the annual audit is completed. The purpose of this hold back is to provide insurance in case the auditors subsequently find that the value of the private investment fund on the date the withdrawal was overstated or inaccurate. Once the audit is complete, the amount held back is paid within 30 days after the audited financial statement are finished, typically no later than April 30th following the fiscal year in which the withdrawal occurred.

Additional information regarding management fees and expenses, for private investment funds, can be found on the following documents:

- 1) The Confidential Private Offering Memorandum of the Emerging Frontiers Fund LP.
- 2) The Emerging Frontiers Fund LP Second Amended and Restated Limited Partnership Agreement.
- 3) The audited financial statements of the Emerging Frontiers Fund.
- 4) The MIRI Strategic Emerging Markets Fund LP Limited Partnership Agreement
- 5) The Confidential Private Offering Memorandum of the MIRI Strategic Emerging Markets Fund LP

None of the employees at Caravan receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Registered Fund Advisory Fees

Caravan charges a 1.10% Management Fee to the Caravan Frontier Markets Opportunities Fund. The Caravan Frontier Markets Opportunities Fund has an expense ratio of 1.30% for the supra institutional share class. The Frontier Caravan Emerging Markets Fund has a management fee of 0.70% and an expense ratio of 0.80% for the Institutional share class.

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

Caravan may receive a performance fee from some of its clients which generally is equal to 20% of the net profits subject to a high watermark provision. The 20% performance-based fee is billed annually and due after the end of the year and is assessed upon the net change of an account value at year-end relative to its highest point reached in a previous year-end.

At present, the private funds and all separate accounts managed by Caravan may be charged performance fees, therefore the performance fee does not present the potential for a conflict of interest in which Caravan employees would be more highly incentivized to allocate potentially lucrative investments to one

product and/or clients over another. However, there may be a conflict of interest due to the fact that differences may exist between the amount of a performance fee charged to particular clients. Additionally, a lack of performance-based compensation for the registered fund may create an additional conflict of this nature.

Notwithstanding the foregoing, Caravan has implemented policies and procedures intended to address potential conflicts of interest relating to the management of accounts with different compensation arrangements. Caravan reviews trade allocations on a regular basis in order to ensure that trade allocations are made in a fair and equitable way.

Item 7 - Types of Clients

As described above, Caravan primarily offers investment management services to private investment funds, including limited partnerships on which Caravan is either the general partner or the investment manager, separate accounts, and a registered fund.

Caravan's clients/investors may include foundations, endowments, family offices, pension plans, trusts, investment companies, fund of funds, high –net-worth individuals, and other legal entities.

Investors in private investment funds advised by Caravan must be sophisticated and "accredited investors" and "qualified clients" as defined by regulatory requirements. The stated minimum initial investment size for an investment in the Emerging Frontiers private fund is \$500,000 but Caravan may accept a smaller account size, based upon certain criteria including account retention, anticipated growth in the assets to be provided by the client, or whether it is a new account from an existing client. The minimum for subsequent contributions is \$50,000. The stated minimum initial investment for an investment in the MIRI Strategic Emerging Markets Fund is \$100,000. For separate accounts, Caravan determines the minimum investment amounts on a case by case basis.

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

Caravan's strategies invest in the securities that trade in emerging or frontier emerging market countries with an objective of long-term capital appreciation. In addition to publicly traded equities, Caravan may invest in participation notes, and other equity and market linked investments, including private investment funds, open and closed end funds and other privately held securities. The universe of emerging and frontier markets are those countries with stock exchanges but that are not considered a developed market as defined by the major index providers.

Caravan Investment strategies can be characterized as opportunistic. For instance, the countries in which Caravan may invest may be known for political or economic instability and illiquid markets, but will generally provide what Caravan believes are opportunities for potentially solid market returns.

Caravan has flexible investment parameters in carrying out the overall investment objectives and may in its discretion (and on an opportunistic and flexible basis) invest a limited portion of the portfolios pursuant to alternative investment strategies which may increase the directional exposure of the portfolios, for example by investing in futures contracts or structured notes or otherwise making investments that involve the use of leverage or margin. While leverage may be used when available in certain strategies,

Caravan does not anticipate that the strategies will be highly leveraged. However, the use of leverage will magnify the underlying risk of the holdings. In addition, there is no assurance that the strategies will achieve its investment objective or be profitable.

Private fund investors should review the fund offering materials and registered fund investors should review the applicable prospectus for more complete information about the investment strategy and associated risks of the intended product.

Our investment philosophy focuses on certain guiding principles:

- Expected returns in a frontier country's market are often set relatively high by investors, who discount for country-specific risks within a local or regional portfolio. By implementing a broad-based portfolio, these country-specific risks can be diversified with the anticipated result that the expected returns can be captured with less attendant risks.
- Identify catalytic events for a frontier country, enter the market early, buy before demand arises and prices are low, then hold the position until other investors have entered and demand rises forcing prices to rise.
- Emerging and Frontier Markets are believed to be highly inefficient equity markets, principally as a result of information asymmetries and biases that exist in these less developed markets.
- In addition to the challenge of finding and conducting diligence on listed companies believed to be undervalued, the main challenge of investing in small capitalization companies in Emerging and Frontier markets is to achieve the recognition of this fundamental value by these inefficient markets.
- Manage risk by exploiting low correlations, investing broadly and avoiding concentration.
- Recognize that the cost of transacting in frontier country markets can be very high and implement accordingly.
- Apply a contrarian strategy of buying when most others want to sell and selling when most others want to buy, in order to minimize transaction costs with improved volume and to buy securities at a favorable value to enhance long term investment results.
- Perceived risk is often greater than the actual risk. By understanding the risks, opportunities for favorable investments are realized. Consequently, a frontier country should not be eliminated from consideration just because it is considered unattractive at the present time.
- Analyze where the frontier country is on the spectrum of development. Differentiate process by type of country and adapt accordingly. Early stage markets may require longer holding periods to extract the most value while more developed frontier country markets may require a nimbler approach.
- Exploit market inefficiencies that often exist in the markets of frontier countries. Examples of these market inefficiencies can be seen in depositary receipts, such as American Depositary Receipts

(“ADRs”), which may trade at high premiums to their underlying local stocks, unusual pricing of certain assets in markets with fixed currency regimes, and irrational investor reaction to corporate actions.

- Identify securities that are deemed to be of high fundamental quality but which are undervalued because of deficiencies in certain areas such as governance that we believe are fixable.

Caravan’s research is driven and based on an assessment of each emerging and frontier country, its political and economic climate, its markets and its investment opportunities, balancing valuation and potential return versus risk. The investment process at the country level employs a multi-pronged approach, combining quantitative techniques, thematic and factor bets and qualitative judgment based upon years of experience in these markets. Caravan may construct quantitative models designed to analyze country-level returns. Based upon these models, Caravan can determine a range of country-level return forecasts or can determine how certain factors may drive a market. This information, in conjunction with qualitative inputs, as well as views on particular global factors, is used to determine a short-list of countries which it is believed may outperform relative to other countries. Positive factors that may be considered include growth of real gross domestic product (“GDP”) per capita, the wealth effects introduced by regional neighboring economies, political and economic reform, the discovery of natural resources, the opening of trade and foreign investment, one or more major privatizations of state owned facilities and agencies, an improvement to various business, political or social risk indicators or rankings, a positive political change in governance, an improvement to currency conditions, and the admittance of that country to a regional economic, trade or monetary body or union. Negative factors considered may include any high current account deficits relative to GDP, any central bank loss of control over inflation, any expropriations or nationalizations of industry, the appearance of increased protectionism, the deterioration of government enforcement or increased corruption, any perceived stock market bubble, inadequate securities laws, any impending war, civil strife or other instability, and any deterioration in sovereign debt ratings of such frontier country.

However, some of these methods are based on historical data and historical relationships which may be incomplete, inaccurate or may not hold in the future and thus these methods may not be successful in predicting future performance. Other methods are based on subjective assessment which may prove to be inadequate.

The investment process at the stock level can be driven top-down, based upon themes seen as playing out in a given country, or bottom-up based upon particular security-specific opportunities that may be uncovered. From the top-down approach, Caravan may select securities that provide a beta exposure to a country, but also have sufficient liquidity, are attractively valued, and fulfill certain factor, sector, or thematic bets. From the bottom-up approach, Caravan may select securities which are viewed as mispriced relative to current valuations or to future price targets utilizing equity valuation models. For the larger frontier markets, Caravan may use consensus earnings estimates using Bloomberg data, whereas for the smaller frontier markets primary research is often required to generate earnings estimates. Data from local sell-side research, company financial statements, data providers or conversations with management and local analysts may be inputted into Discounted Free Cash Flow to Firm and Dividend Discount Models, among others, to provide assessment of a security’s intrinsic value. In addition to the short-term intrinsic valuations generated from such models, Caravan may generate

long-term valuation targets using comparable models under the assumption that the equity market of a particular frontier stock will mature and receive valuation ratios similar to stocks or industries in more developed. In addition, Caravan may identify securities that provide arbitrage opportunities and are extremely mispriced across multiple markets or relative to key factors such as commodity prices. However, investors should note that these models are sensitive to and often rely on historical data or inputs that can be inaccurate or may prove not to be as relevant in the future in helping to predict future performance nor can any model or investment process incorporate, identify or eliminate the risks of investing in securities of these markets.

Investment in emerging and frontier markets will be subject to various risks, including foreign investment risks, frontier country risks, counter-party risks, currency, market and trading risks, settlement and custody risks, liquidity and capitalization risks, general investment risks, Non-Investment grade risk, Portfolio Turnover risk, the use of certain investment techniques and the illiquid nature of emerging and frontier markets. There can be no assurance that the strategies will achieve its investment objective or avoid substantial losses. An investor should not make an investment in the strategies managed by Caravan with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult their personal financial and tax advisers before investing in any of strategies managed by Caravan. Despite our investment process and the attempts of Caravan to assess and/or minimize risk where possible, investing in securities involves significant risk of loss, including the possibility of total loss of their investments, which clients should be prepared to bear. There are a significant number of risks that investors should consider, including the following:

Investment Risk. An investment in any of the strategies managed by Caravan are subject to significant investment risk, including the possible loss of the entire principal amount that is invested.

Caravan's investments may involve identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of such investments will necessarily depend upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. Investments may undergo significant short-term declines and experience considerable price volatility. Since Caravan's methodology does not require any minimum market capitalization and since investment in small countries may involve greater illiquidity and price fluctuations, Caravan may take positions in companies or other issuers which may involve an increased level of general investment risk. Equity positions may include speculative securities. Accordingly, investors in any of the strategies managed by Caravan must be prepared to assume the risks inherent in such speculative investments. An investment in any of the strategies managed by Caravan should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking superior long-term capital appreciation.

It is possible to experience investment losses on both the long and short sides of a portfolio. In addition, investment strategies involving numerous positions and significant trading activity, will require timely and successful executions and favorable overall transaction costs in order to be optimally successful.

As with any investment approach or strategy, Caravan's investment approach, strategy and methodology cannot assure any given level of investment return or that the investment objective will in fact be realized.

Any past successes with the methodology cannot assure future results. There can be no assurance that use of the methodology will necessarily result in profitability or that the strategies will not incur losses.

Volatility of Capital Markets and Impairment of Credit Markets. Extraordinary circumstances have from time to time significantly disrupted financial markets, and such circumstances may exist in the future. Securities markets may experience a tightening in the worldwide credit markets and a significant loss in value, posing possible systemic risks and resulting in extraordinary governmental actions, extreme price volatility, limited liquidity and a potential for overall collapse. Under such conditions, investment strategies managed by Caravan may be at a heightened risk for having its assets adversely affected by market volatility and credit unavailability.

Price volatility may be influenced to a greater degree by factors other than fundamentals, including overall investor sentiment, market forces, sudden favor or disfavor of a company or industry, predictions or rumors, and heavy trading pressure from particular investors. Such patterns of price movements may result in corresponding volatility in the strategies' returns and its level of capital. Equity positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair the strategies' ability to fully realize portfolio gains or limit losses. The institutions, including brokerage firms and banks, with which Caravan will do business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties or contractions in credit availability that would impair the operational capabilities or the capital position of the investment vehicles offered by Caravan. In addition, the existence of one or more of the conditions described above could lead to reduced demand for the securities in which the strategies invest, which may in turn decrease the value of the assets. Because the securities held by the strategies are marked to market and fluctuate in value based on supply and demand, reduced liquidity in the markets for certain securities could depress the value of the strategies' assets to less than their intrinsic value. If investors seek to withdraw their investments at such a time, Caravan may be forced to sell investments at less than intrinsic value in order to meet such withdrawal requests. An investment in any of the strategies managed by Caravan should only be considered by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking long-term capital appreciation.

Foreign Investment Risks. Caravan will invest predominantly in securities denominated in foreign currencies and/or traded outside the United States or comparable developed nations. Such investments require consideration of certain risks typically not associated with investing in U.S. securities. Investments in foreign issuers may be subject to greater risk than U.S. investments for many reasons, including changes in currency exchange rates and unstable and adverse political, social and economic conditions, which may significantly disrupt the financial markets or interfere with the strategies' ability to enforce its rights against foreign issuers. Foreign (non-U.S.) investments may also be subject to the risks of a lack of adequate or accurate company information, smaller, less liquid and more volatile securities markets, less secure foreign banks or securities depositories than those in the United States and foreign controls on investment and currency transfers. Because of less developed markets and economies, foreign investments may have less liquidity and increased price volatility. In some countries, less mature governments and governmental institutions may potentially lead to greater risks of expropriation, confiscatory taxation, unclear laws and national policies that may restrict the repatriation of cash or the Strategies' investments in general. Foreign brokerage commissions and custodial costs generally are

higher than in the United States. Finally, the value of the currency of the country in which Caravan invests could decline relative to the value of the U.S. dollar, which may affect the value of the investment to U.S. investors. In addition, the underlying issuers of certain depositary receipts, particularly unsponsored or unregistered depositary receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. The risks of investing in foreign securities can be intensified in the case of investments in issuers located in emerging markets. To the extent that Caravan invests in emerging securities markets, the risks of foreign investing may be greater, as these countries may be less politically and economically stable than other countries. It may also be more difficult to buy and sell securities in countries with emerging securities markets. As further detailed below, the risks of investing in frontier countries is magnified compared to the risks of investing in emerging markets.

Risks of Investing in Emerging and Frontier Countries. Caravan invests in securities traded in emerging and frontier countries. Investment in securities in non-U.S. and non-developed countries, whether in frontier countries or emerging market countries, involves risks not associated with investments in securities in developed countries. The risks associated with an emerging market investment are magnified, at times significantly, in a frontier country market investment. The risks of investing in a frontier country are significantly high and may involve unforeseeable risks. Among the numerous risks are risks associated with expropriation and/or nationalization, political or social instability, armed conflict, the impact on the economy as a result of civil war, religious or ethnic unrest, corruption, the withdrawal or non-renewal of any license enabling the strategies to trade in securities of a particular country, confiscatory taxation, imposition of exchange control regulations, inadequate settlement procedures, restrictions on transfers of assets, lack of uniform accounting, auditing and financial reporting standards, less publicly available financial and other information, diplomatic developments which could affect U.S. investments in those countries, changes in governmental administration or economic or monetary policy (in the United States or elsewhere) or changed adverse circumstances in dealings between nations, and potential difficulties in enforcing contractual obligations. Emerging and Frontier Markets may be subject to greater market volatility, significantly lower trading volume, political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than more developed or emerging markets. In addition, securities markets in emerging and frontier countries may be subject to greater price fluctuations than securities in more developed markets. There may be less information publicly available with regard to issuers and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to U.S. issuers. There may be no single centralized securities exchange on which securities are traded and the systems of corporate governance to which companies are subject may be less advanced than that to which U.S. issuers are subject, and therefore, shareholders (especially minority shareholders) in such companies may not receive many of the protections available to shareholders of U.S. issuers. Investments in securities of non-U.S. issuers are subject to the laws of the individual countries in which the securities are issued. Each country has different laws specific to that country which impact investment and which may increase risk. Securities and bankruptcy laws in frontier countries may be relatively new and unsettled or minimal in scope or involve arbitrary or inconsistent application. Fines or levies may be assessed for inadvertent violation of a country's laws or regulations. Laws regarding foreign investment, securities regulation, title to securities, and shareholder rights may change quickly and unpredictably. In addition, the enforcement of systems

of taxation at federal, regional and local levels in emerging and frontier countries may be inconsistent, and subject to sudden change.

Frontier Country Political and Economic Issues. A significant number of frontier countries do not have western-style or fully democratic governments. Often, the governments are authoritarian in nature and influenced by security forces. For example, certain governments may have been installed or removed as a result of military coups. Disparities of wealth, ethnic, religious and racial disaffection, among other factors, have also led to social unrest in certain frontier countries accompanied, in certain cases, by violence and labor unrest. Caravan's portfolios will be subject to a broad variety of political and economic concerns, including uncertainties arising from authoritarian governments or military involvement in political and economic decision-making, including changes in government through extra-constitutional means, political or diplomatic developments, popular unrest associated with demands for improved political, economic and social conditions, internal insurgencies, hostile relations with neighboring countries and ethnic, religious and racial disaffection, social and religious instability, changes in governmental policies, high rates of inflation, economic dependency on commodity pricing and free trade, infrastructure limitations, shortages of qualified workers, taxation and interest rates and developments in law or regulations, in particular the risk of, and possible change in, legislation relating to the level of foreign ownership in frontier country companies. Natural or manmade catastrophes may have a more magnified effect on the economy of a frontier country. A frontier country may have less institutional safeguards to protect against civil disorders or commotions, tribal, ethnic or civil wars, acts of aggression or terrorism, strikes, material shortages or acts of God. Some frontier countries may be affected by a greater degree of public corruption and crime, including organized crime.

Immature Capital Markets of Frontier Countries. Frontier countries generally have smaller economies or less developed capital markets than traditional emerging markets, and, as a result, the risks of investing in emerging market countries are magnified in frontier countries. The legal infrastructure in each frontier country is unique and often undeveloped. In most cases, securities laws are evolving and inadequate for the protection of the public from fraud. Investment in non-U.S. securities involves considerations and possible risks not typically involved with investment in the securities of U.S. issuers. Issuers whose securities are traded in many of frontier countries are not required to, and do not, prepare financial statements as comprehensive as those conforming to generally accepted accounting principles in the United States or other developed markets. As a result, certain disclosures required of publicly traded issuers in the United States and other developed countries may not be made by issuers in frontier countries, and the type of information available in respect of such issuers may not be as extensive as it would be in the United States or other developed countries. Further, there is generally less vigorous regulation of the securities markets in frontier countries and of the activities of investors in such markets, and there may also be less enforcement of regulatory provisions relating thereto than in the United States or other developed countries. The economies of frontier countries are less correlated to global economic cycles than those of their more developed counterparts and their markets have low trading volumes and the potential for extreme price volatility and illiquidity. This volatility may be further heightened by the actions of a few major investors. For example, a substantial increase or decrease in cash flows of accounts investing in these markets could significantly affect local stock prices and, therefore, the valuation of the accounts. The trading markets also may involve substantially higher commission and transaction costs

due to the lack of trading partners, lack of competition among brokers, institutionalization of higher fees and currency conversion. These factors make investing in frontier countries significantly riskier than in other countries and any one of them could cause the valuation of the accounts to decline.

Government Influence and Interference in Frontier Country Capital Markets. Governments of many frontier countries in which Caravan may invest may exercise substantial or significant influence over many aspects of the private sector. Government actions, bureaucratic obstacles, expropriation, nationalization, confiscation of assets, and corruption may have a significant effect on the economy, which could adversely affect Caravan's investments. In some cases, the governments of such frontier countries may own or control certain companies. Accordingly, government actions could have a significant effect on economic conditions in a frontier country and on market conditions, prices and yields of securities in the portfolios. Moreover, the economies of frontier countries may be heavily dependent upon international trade and, accordingly, have been and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

Investment in equity securities of issuers operating in certain frontier countries is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in equity securities of issuers operating in certain frontier countries and increase the costs and expenses of the strategies. Certain frontier countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. Certain frontier countries may also restrict investment opportunities in issuers in industries deemed important to national interests.

Frontier countries may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if deterioration occurs in a frontier country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Strategies could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application of any restrictions on investments. Investing in local markets in frontier countries may require the strategies to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs.

Political Sanctions. Generally, under United States law, Caravan is prohibited from investing in a country considered by the United States to be a state sponsor of terrorism or where certain embargo provisions apply. Caravan fully intends to comply with United States law. While complying with such law, Caravan may invest, from time to time, in certain companies which may operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. These companies may suffer damage to their reputations if they are identified as companies which operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations

and/or countries identified by the U.S. government as state sponsors of terrorism. As an investor in any such companies, Caravan will be indirectly subject to those risks.

Foreign (Non-U.S.) Currency Risk. A significant portion of the assets managed by Caravan will be denominated in foreign (non-U.S.) currencies. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the currency in which such assets are priced or in which they make distributions falls in relation to the value of the U.S. dollar. The risk of an unfavorable currency exchange rate fluctuation is in addition to the institutional risks of a frontier country. For example, a frontier country may impose a detrimental currency exchange control structure, may impose high costs for currency conversion, may devalue or change its currency significantly, or may impose stringent conditions on conversion of currency. To the extent Caravan does not hedge foreign currency risk, or the hedges are ineffective, the value of client's assets and income could be adversely affected by currency exchange rate movements.

Non-Recoverable Foreign Tax Withholding; Foreign Taxation. Certain foreign governments in countries in which Caravan invests may levy withholding or other taxes on dividend, interest or other income at high or confiscatory rates or have other forms of confiscatory taxation. Although in some countries a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes or other taxes will reduce the income received from investments in such countries. In addition, the enforcement systems of taxation at federal, regional and local levels in frontier countries may be inconsistent and subject to sudden change.

Frontier Country Licensing, Custody and Settlement Risk. Approval of governmental authorities may be required prior to investing in the securities of companies based in certain frontier countries. Delays in obtaining such an approval would delay investments in the particular country. Caravan may maintain foreign securities and cash in the custody of certain designated non-U.S. banks and securities depositories. Certain banks in foreign countries that are foreign sub-custodians may be recently organized or otherwise lack extensive operating experience. In addition, in certain countries there may be legal restrictions or limitations on the ability of Caravan to recover assets held in custody by a foreign sub-custodian in the event of the bankruptcy of the sub-custodian. Settlement and safekeeping systems in frontier countries may be less well organized than in emerging markets or developed markets. Records of ownership may have insufficient safeguards against destruction or alteration. Beneficial or record ownership may be challenged by the companies in which Caravan invests or by governmental authorities. Thus there may be a risk that settlement may be delayed and that cash or securities may be in jeopardy because of failures of or defects in the systems. Under the laws of certain countries in which Caravan may invest, Caravan may be required to release local shares before receiving cash payment or may be required to make cash payment prior to receiving local shares.

Delays in Settlement from Share Blocking. Certain countries in which Caravan may invest utilize share blocking schemes. Share blocking refers to a practice, in certain foreign markets, where voting rights related to an issuer's securities are predicated on these securities being blocked from trading at the custodian or sub-custodian level, for a period of time around a shareholder meeting. These restrictions have the effect of prohibiting securities to potentially be voted (or having been voted), from trading within a specified number of days before, and in certain instances, after the shareholder meeting. Share blocking

may prevent Caravan from buying or selling securities for a period of time. During the time that shares are blocked, trades in such securities will not settle. The specific practices may vary by market and the blocking period can last from a day to several weeks, typically terminating on a date established at the discretion of the issuer. Once blocked, the only manner in which to remove this block would be to withdraw a previously cast vote, or to abstain from voting altogether. The process for having a blocking restriction lifted can be quite onerous with the particular requirements varying widely by country. In addition, in certain countries, the block cannot be removed. Share blocking may present operational challenges for Caravan, including the effect that an imposed block would have on pending trades. Pending trades may be caused to fail and could potentially remain unsettled for an extended period of time. Fails may also expose the transfer agent and Caravan to “buy in” situations in which if unable to deliver shares after a certain period of time, a counterparty has the right to go to market, purchase a security at the current market price and have any additional expense borne by Caravan’s clients or transfer agent. As a result of the ramifications of voting ballots in share blocking proxy markets, Caravan, on behalf of its clients reserves the right to abstain from voting proxies in share blocking proxy markets.

Concentration of Investments. Trading markets in frontier countries are smaller (based on market capitalization and value of securities traded) than in the United States and other developed securities markets. As a consequence, Caravan may invest in a relatively limited number of issuers, some or many of which operate in the same industry or economic sector. Caravan does not intend to apply fixed diversification standards to the portfolio with respect to any number or geographic areas of the world of invested frontier countries, the number of issuers, any particular industries, industry sectors, or types of securities. The portfolio may not be considered sufficiently diversified or the portfolio may be concentrated, to varying degrees, within any of these areas, such as in one or more industries, industry sectors or security type, or in only a limited number of frontier countries or securities issuers. In addition, investments in certain geographic regions may be concentrated or become unexpectedly correlated. The economies and financial markets of certain geographic regions, such as the Middle East and Africa, can be interdependent, and investments in such geographic region may all decline at the same time. Certain geographical regions have historically been prone to natural disasters such as earthquakes, volcanoes or tsunamis or are economically sensitive to environmental events. Any such event could cause a significant impact on the economies and investments in these geographic regions. Any such concentration of investments can increase significantly both investment risk and portfolio volatility.

Investments in Companies with Smaller Capitalizations or Limited Coverage. Caravan may invest in the securities of companies with smaller capitalizations or that are the subject of little or no analysis or coverage by Wall Street or similar overseas firms. Investments in such companies may involve greater risk than is customarily associated with investments in the securities of companies with larger capitalizations or with greater Wall Street or similar coverage. For example, smaller companies often have limited product lines, markets, and/or financial resources may be dependent for management on one or a few key persons, may lack substantial capital reserves, may not have established performance records and may be more susceptible to losses. Also, the securities of companies with smaller capitalizations or limited Wall Street or similar coverage may be thinly traded (and therefore may have to be sold at a discount from then-current market prices or in small lots over an extended period of time) and may be subject to wider and more abrupt price swings, thus creating the potential for greater losses than

investments in the securities of companies with larger capitalizations or greater Wall Street or similar coverage. In addition, in connection with such reduced liquidity, transaction costs incurred with respect to investments in the securities of companies with smaller capitalizations or limited Wall Street or similar coverage may be higher than larger capitalization companies or companies with greater Wall Street or similar coverage.

Capital with Limited Liquidity; Market Price Volatility. Trading markets in frontier countries are subject to less liquidity than is usually the case in United States and other developed securities markets. Although Caravan will take liquidity considerations (such as trading volume) into account in its investment analysis, there will be no minimum market capitalization or “public float” requirement applicable to all investments. Accordingly, Caravan may take positions in particular securities that are relatively large as compared to current trading volume or overall market capitalization. Other portfolio positions may involve securities that are lightly traded or otherwise have markets of limited liquidity. Such positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair to some extent Caravan’s ability to fully realize portfolio gains or limit losses. Reduced liquidity may also lead to considerably more price volatility than would be the case in emerging or developed markets. Other factors that can contribute to price volatility and illiquidity include that a company is newly formed or in the early stages of development, there may be less public information available about the company, their shares may trade less frequently, and it may take a long time before Caravan realizes a gain, if any, on an investment in a company in a frontier country. Price volatility may also be influenced to a greater degree by factors other than fundamentals, including overall investor sentiment, market forces, sudden favor or disfavor of a company or industry, predictions or rumors and heavy trading pressure from particular investors. Consequently, investments in securities in frontier countries involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the investment strategies and techniques to be employed by Caravan will increase this risk. There can be no assurance that Caravan’s strategies will not incur losses. Many unforeseeable events, including, but not limited to, actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the portfolios or performance.

There can be no assurance that the investment strategies to be employed by Caravan will achieve the client’s investment objectives.

Risks Relating to Portfolio Construction and Implementation

There may also be a number of significant risks inherent in Caravan’s investment techniques. Such risks may include the following:

Depository Receipts. Caravan may invest in depository receipts, including unsponsored depository receipts. Unsponsored depository receipts may be established by a depository without participation by the underlying issuer. Holders of an unsponsored depository receipt generally bear all the costs

associated with establishing the unsponsored depositary receipt. The issuers of the securities underlying unsponsored depositary receipts are not obligated to disclose material information in the United States and, therefore, there may be less information available regarding such issuers, and there may not be a correlation between such information and the market value of the depositary receipts. In addition, Caravan may also invest in depositary receipts that are not purchased in the public markets and are restricted securities that can be offered and sold only to certain buyers. It is possible that depositary receipts purchased by Caravan could have the effect of increasing the level of portfolios' illiquidity.

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

Short Selling. When available, short selling may be a part of Caravan's investment strategy and may be utilized (i) in situations where Caravan believes, on the basis of its fundamental analysis, that the securities in question are overvalued, and therefore likely to experience significant price declines, over time, or (ii) as a hedge or offset to long positions. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Leverage; Interest Rates. Although it is not anticipated that leverage will be a substantial focus, Caravan may borrow funds opportunistically, as it sees fit, on behalf of its clients in order to hedge, to increase investment positions or to make additional investments. Risk of loss and the magnitude of possible gains are both generally increased by the use of leverage. Fluctuations in the market value of Caravan's portfolios will have a greater effect relative to the portfolios' capital than would be the case in the absence of leverage. Adverse market fluctuations, in the case of margin borrowings, may require the untimely liquidation of one or more investment positions. The amount of borrowing that the portfolios may have outstanding at any time may be large in relation to its capital. Interest costs of borrowings will be an expense of the portfolios and therefore both borrowing levels and fluctuations in interest rates may affect the operating results of the portfolios managed by Caravan.

Options. When available, Caravan may utilize options in furtherance of its investment strategy for both investment and hedging purposes. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by Caravan on behalf of its clients, can reduce or eliminate position profits or create losses as well.

Caravan may also purchase and sell call and put options on stock indices and ETFs listed on national securities exchanges or traded in the over the counter ("OTC") market for the purpose of realizing its investment objective or for the purpose of hedging its portfolio. A stock index or ETF fluctuates with changes in the market values of the stocks included in the index or ETF. The effectiveness of purchasing or writing stock index or ETF options for hedging purposes will depend upon the extent to which price

movements in the portfolios correlate with price movements of the stock indices or ETFs selected. Because the value of an index or ETF option depends upon movements in the level of the index or ETF rather than the price of a particular stock, whether the portfolio will realize gains or losses from the purchase or writing of options on indices or ETFs depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices or ETFs, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by Caravan of options on stock indices or ETFs will be subject to Caravan's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Hedging Strategies. Caravan may, but is not required to, employ a number of hedging strategies as part of its risk control program for the portfolios. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, however, Caravan may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holding or holdings sought to be hedged. Such imperfect correlation may prevent Caravan from achieving the intended hedge or expose the portfolios to risk of loss. For example, the portfolios' long and short positions may not be correlated in a manner that significantly protects against loss on one side of the portfolio. In addition, there may be risks which are not identified, and therefore are unhedged, or there may be risks where an efficient hedging strategy is unavailable. It will not be an objective for the portfolios to be hedged significantly at all times. It should be assumed, therefore, that the portfolios managed by Caravan may still be exposed to significant risks, notwithstanding any intended hedging strategies.

Derivatives. Caravan may engage in a variety of derivative transactions, including equity swaps and other swaps and derivatives. Swaps and other derivatives often involve investment exposure which can be in excess of committed capital. This makes possible both the recognition of significant gain and significant loss. Moreover, the counterparty lenders in derivative transactions typically require the investor to post collateral. As with margin transactions in securities, a decline in the value of posted collateral may result in the counterparty requiring additional collateral or the closeout of the derivative position, which may be untimely and result in losses to the investor, which could be significant. Further, the profitability of investments by Caravan in the derivatives markets generally depends on the ability of Caravan to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates.

In addition, the derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative upon closing of a position may be materially different. Such differences may have an adverse effect on the portfolios if Caravan is required to close or liquidate its derivative instruments. Moreover, the pricing relationships between derivatives and the underlying

instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses.

The stability and liquidity of forwards, swaps, repurchase agreements, and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to a transaction, Caravan may have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs, or may not be successful, which could adversely affect the portfolios. It is possible that in the event of a counterparty credit default, Caravan's clients may not be able to recover all or a portion of the investments in such derivative instrument and may be exposed to additional liability (i.e., the obligations associated with what has become an unhedged position).

Caravan may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by Caravan due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which Caravan would otherwise recommend, to the possible detriment of the portfolios. Market illiquidity or disruption could result in major losses to portfolios managed by Caravan.

Price Volatility. Securities, such as stocks, P-notes, depositary receipts, options, futures and other synthetic and derivative securities, are inherently volatile. Such volatility may result in the value of the portfolio's assets fluctuating from time-to-time more greatly than that of other investment vehicles which may be more diversified. There can be no assurance that Caravan's investment strategies, including its hedging and diversification techniques, or other investment strategies or techniques, will be effective in protecting the portfolios from such price volatility.

Activist Investing. Certain investments may involve aggressive shareholder activism that will attempt to influence the destinies of target companies. There exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the purchase of the securities and the anticipated results. Additionally, if the anticipated results do not in fact occur, the investment may result in a loss. Moreover, there may be instances where Caravan will be restricted in transacting in or redeeming a particular investment as a result of its activist investment strategy.

Illiquid Investments. Caravan may invest in securities, loans or other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult

to predict including without limitation changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of obligors on the portfolio's assets. Caravan may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. Caravan may be required to hold illiquid securities for a substantial period of time before any disposition can be effected.

Restricted Securities. Caravan may invest in unregistered and other restricted securities that are subject to substantial holding periods or that are not traded in public markets. Such restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded or not subject to restrictions on resale. The reduced liquidity of such securities could result in the Caravan's inability to realize a favorable price upon disposition of such securities, and in some cases might render impossible such disposition at the time desired by Caravan. No assurance can be given that any such restricted securities will be eligible to be traded on a public market even if a public market for securities of the same class were to develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

OTC Transactions. It is possible that Caravan may engage in transactions involving securities traded on OTC markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes Caravan to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that Caravan engages in trading on OTC markets, Caravan's clients could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

Futures Contracts and Options on Futures Contracts. Caravan may purchase and sell futures and options on futures contracts. Futures contracts are traded on a futures exchange and call for the future delivery of a specified "commodity" at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the "commodity" or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The profitability of purchases and sales of futures contracts by Caravan will depend on Caravan's ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures and options trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Most U.S. and certain foreign futures exchanges limit fluctuations during a single day in futures contract prices by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trade may be executed at prices beyond the daily limits, and positions in a particular contract can neither be taken nor liquidated at a price beyond the applicable limit. Futures prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Caravan from promptly liquidating unfavorable positions and could subject Caravan’s clients to substantial losses, which could exceed the margin initially committed to such trades. In addition, even if futures prices have not moved the daily limit, Caravan may not be able to execute futures trades at favorable prices if little trading in the contracts Caravan wishes to trade is taking place. It is also possible that an exchange or regulatory authority may suspend trading in a particular contract or order that trading in a contract be conducted for liquidation of open positions only.

In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to Caravan’s clients. The counterparty for futures contracts and options on futures contracts traded in the United States and on most non-U.S. futures exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk. In cases where the clearinghouse is not backed by the clearing members (i.e., some non-U.S. exchanges), it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing member or clearinghouse will be able to meet its obligations to Caravan. In such a situation, the investor is subject to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Caravan’s clients to suffer a loss. In addition, under the CEA, futures commission merchants are required to maintain customers’ assets in a segregated account. If Caravan engages in futures and options contract trading and the futures commission merchants with whom Caravan’s clients maintain accounts fail to so segregate the portfolio’s assets or are not required to do so, Caravan’s clients will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants.

Insolvency or Failure of Broker-Dealers. Institutions, such as brokerage firms or banks, may hold certain of the portfolio’s assets in “street name.” Bankruptcy, inadequate controls or fraud at one of these institutions that holds a significant portion of the portfolio’s assets could impair the operational capabilities or the capital position of the portfolios.

In addition, as Caravan may borrow money for additional investment purposes in the future, Caravan may, under such circumstances, post certain assets as collateral securing the relevant obligations or leverage (“Margin Securities”). It is expected that a broker or dealer would hold the Margin Securities on a commingled basis with margin securities of its other customers and could use certain of the Margin Securities to generate cash to fund the portfolio’s leverage, including pledging such Margin Securities. Some or all of the Margin Securities could be available to creditors of a broker or dealer in the event of its insolvency. In addition, there could be substantial delays in the repayment of the Portfolio’s assets in the event that a broker or dealer were to become insolvent, as well as a risk of total loss of such assets. In such event, the timing and amount of recovery from the broker or dealer would depend on the

circumstances of its insolvency (including the amount and value of assets still held by the broker or dealer) and any related liquidation proceedings. It is expected that the broker or dealer would have netting and set off rights over all the assets held by it for the portfolios (which may indirectly include amounts held for its benefit in a special segregated bank account) to satisfy the portfolio's obligations under the relevant brokerage agreement, including obligations relating to any margin or short positions. Any Margin Securities included in such assets could be subject to claims of the broker or dealer's creditors in the event of its insolvency.

Effect of Substantial Withdrawals. Substantial withdrawals by investors within a short period of time could require Caravan to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Clients' assets and/or disrupting Caravan's investment strategies. Reduction in the size of the accounts could make it more difficult to generate a positive return or to recoup losses.

Portfolio Turnover Risk. Portfolio's turnover rate may be high. A high turnover rate (100% or more) may lead to higher transaction costs and may result in a greater number of taxable transactions and may negatively affect Caravan's performance.

Overall Investment Risk. An investment in the strategies managed by Caravan is inherently risky. Investors risk the loss of all or substantially all of their investment. Investors will have no opportunity to control the operations, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations, investors must rely entirely on Caravan to conduct and manage the affairs of their portfolios.

Item 9 - Disciplinary Information

At Caravan, no member of management has been subject to any investigation, charges, or other disciplinary events. No managing person has been subject to any disciplinary events within the last 10 years, or earlier.

No management person has been the subject of any bankruptcy petitions.

No management person has been found liable in an arbitration claim alleging damages in excess of \$2,500. Nor has any management person been found liable in a civil, self-regulatory organization such as the CFA Institute, or administrative proceeding involving any material infringements of codes or bylaws.

Item 10 - Other Financial Industry Activities and Affiliations

The principal executive officers of Caravan devote the majority of their professional time to the management of Caravan's investment products and business. The principal executive officers of Caravan do not have any material relationships or arrangements with related financial industry participants which could cause potential conflict of interests.

In addition, there are no conflict of interests with external broker dealers, investment companies, investment advisers, futures commission merchants, banking institutions, accountants or firms, lawyers or firms, insurance companies, pension consultants, real estate broker-dealers, or syndicators of limited

partnerships which could potentially damage or compromise the interests of investors in Caravan's investment products.

Mr. Quisenberry previously owned a research firm, Investment Frontiers Research LLC, which he founded prior to the founding of Caravan. However, Investment Frontiers Research LLC was generally inactive since the launch of the first private fund advised by Caravan and the firm was dissolved on December 31, 2009.

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

This Code of Ethics ("Code") has been adopted by Caravan and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for employees of Caravan and is designed to, among other things, govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which employees have a beneficial interest. The Code is based upon the principle that Caravan and its employees owe a fiduciary duty to Caravan's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The management and employees of Caravan agree not to make investments in securities owned or potentially owned by Caravan's advised investment funds unless pre-cleared by the Chief Compliance Officer and/or the Chief Executive Officer. Personal brokerage statements are compiled on a regular basis so as to monitor and enforce this policy. In addition, management and employees agree not to buy or sell securities owned in client accounts contemporaneously with transactions conducted in client accounts.

A copy of the complete Code is available upon request.

Item 12 - Brokerage Practices

In general, Caravan may select brokers to execute transactions on the basis of desirable custody arrangements, the amount of commissions, the quality of execution, expertise in particular markets, the reputation, experience and financial stability of the broker dealer involved and the quality of service, familiarity both with investment practices generally and the techniques employed by us, research and analytic services and clearing and settlement capabilities, subject at all times to principles of best execution. Given the nature of emerging and frontier market trading, Caravan generally prefers to have US-based brokerage firms that either have local operations or local brokerage networks. Having a US-based firm can provide additional assistance in challenging execution and settlement situations. In other cases, Caravan may use a local broker in countries where a US-based broker does not provide coverage or where a local broker would have a significant cost advantage to a client.

The Caravan Frontier Markets Opportunities Fund uses US Bank as its global custodian bank.

Caravan does not currently utilize soft dollars. Caravan does not currently allow clients to direct brokerage spending.

In allocating trades among advisory clients, it is Caravan's policy that all trades should be allocated fairly, considering the clients' best interest and to avoid preferential treatment of any client. Client's performance will not be a factor in our trade allocation process.

Caravan generally may take into account the following factors in allocating trades among clients: restrictions placed by the client or restrictions to comply with federal or state regulations, investment objectives of the strategy, timing of cash flows and account liquidity, ability of invest in initial public offerings, etc.

It is Caravan's policy, pursuant to the terms in individual investment advisory agreements, to reimburse client accounts for any losses resulting from trade errors that may occur therein. Further, any gains resulting from trade errors in client accounts will remain in the respective account(s).

Occasionally, Caravan may, to the extent allowed under regulatory rules, purchase equity securities that are part of an initial public offering (IPOs) for client accounts. IPOs shall be allocated to client accounts on a pro-rata basis based on the portion deemed appropriate to each client account's investment mandate. In the event that an IPO is not suitable for a particular client, such client will be excluded from the allocation. If the IPO is suitable for a client, but client was not allocated any shares of an IPO due to a limited number of shares that were allocated to Caravan, then that client will be given priority in the next IPO that Caravan participates and receives allocation, if the IPO is deemed by Caravan to be suitable for that client.

Sensitive allocation issues arise when Caravan participates in an offering that is expected to be over-subscribed. Caravan will exercise care in the allocation of these securities.

As part of the due diligence process before a brokerage firm is added to the Caravan's approved brokers' list, audited financial statements are reviewed to verify that the broker meets liquidity, financial strength and other factors.

Caravan reviews all trades for best execution, generally including an analysis of Caravan's executions compared to each security's daily volume weighted average price ("VWAP"). On a quarterly basis, Caravan's Brokerage Review Committee meets to analyze the brokerage arrangements. The Brokerage Review Committee evaluates the quality and cost of services provided by all broker-dealers included on the firm's approved brokers' list. Brokerage firms are ranked based on several factors, including execution capability and quality, research quality, clearance and settlement processes, commission rates, financial strength, perceived integrity, reputation and other relevant factors. The resulting broker rankings may be used in allocating brokerage commission target percentages, for the subsequent time period, until the next Committee evaluation. Based on the judgment of the quality and scope of service provided by a brokerage firm, Caravan may trade with broker-dealers that charge higher fees than the lowest available fees.

Item 13 - Review of Accounts

Caravan conducts regular reviews of the accounts managed to ensure compliance with the investment objectives and any investment restrictions. Portfolio Managers and the Chief Operating Officer usually review performance of the accounts on a daily basis. In addition, portfolio attribution and risk attribution

for all the accounts managed by Caravan is performed monthly to ensure that all the accounts with similar investment objectives are performing similarly.

Caravan provides to private fund and separate account clients monthly reports prepared by the fund administrator which include performance reports. On an annual basis Caravan provides to clients who invest in private investment funds audited financial statements of the private funds and the most recent ADV Part 2 Form. In addition, Caravan may provide email updates or white papers on a special basis if extreme market conditions or significant events which affect or could affect our client's investments occur.

Item 14 - Client Referrals and Other Compensation

Managing members and related persons of Caravan do not receive compensation for referring clients to other investment advisors.

Caravan utilizes licensed placement agents to refer clients to our investment products. Placement agents are compensated based on a percentage of the fees attained from the client relationship, or on a fixed-fee basis. Compensation is structured in a way which minimizes potential conflicts of interests.

Item 15 - Custody

Currently, Caravan obtains custodial arrangements through several custodian banks in global Emerging and Frontier Markets. These qualified custodian banks maintain custody of client's funds and securities for Caravan's clients. In some cases, clients do not receive statements directly from the custodians and instead received consolidated statements prepared by the fund administrator, who calculates fund level net asset values and the corresponding client asset levels based on a compilation of statements from brokers and/or custodians.

Private investment funds managed by Caravan are audited by an independent certified public accountant every year and audited financial statements are provided to each client of the private investment funds within 120 days of the fiscal year end.

Further information regarding the custodial relationships employed by Caravan's investment funds is available upon request and statements from these custodians can be sent to clients by Caravan upon request or as required under state regulations.

Clients should carefully review the financial statements and account information provided by Caravan.

Item 16 - Investment Discretion

Caravan provides investment advisory services on a discretionary basis. Prior to assuming discretion in managing client's assets, Caravan enters into an investment management agreement that describes the scope of Caravan's discretion. Generally, Caravan has discretion to determine the securities to be

purchased or sold (subject to restrictions set forth in the investment management agreement and the investment guidelines), and the amount of securities to be bought or sold for clients.

Item 17 - Voting Client Securities

Caravan has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Caravan receives will be treated in accordance with these policies and procedures.

Caravan has not identified any material conflict of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Caravan may abstain from voting where it determines that the costs associated with voting a proxy outweigh the benefit derived from exercising the right to vote.

A copy of Caravan's proxy voting policies and procedures, as well as specific information about how Caravan has voted in the past, is available upon written request. Clients may vote on their own or instruct Caravan on how to vote, provided that a written request to that effect has been submitted to Caravan ahead of time.

Caravan's clients may obtain a copy of Caravan's procedures and information about proxy voting records by calling the compliance officer by telephone at 253-503-1904 or by e-mailing him at gaizkai@caravancap.com

Item 18 - Financial Information

Caravan does not require or solicit prepayment of fees on client assets more than six months in advance.

It is our view that there are no imminent or probable events or conditions that could render Caravan unable to meet its contractual obligations to clients.

Neither Caravan nor its principals have ever been subject to a bankruptcy petition.

Item 19 - Additional Disclosure Requirements for State-Registered Advisers

Caravan is not registered with any state and therefore does not have information applicable to this item.