

Item 1. Cover Page

DIFESA CAPITAL MANAGEMENT, LP
(the “Adviser”)

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Part 2A of Form ADV
(the “Brochure”)

March 5, 2020

This Brochure provides information about the qualifications and business practices of the Adviser. If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact Greg Davis at 212-353-5104 or gdavis@difesa.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Item 2. Material Changes

This Brochure serves as an update to the previous one dated July 24, 2019 and has been updated to reflect the Adviser's regulatory assets under management. There are no material changes from the prior version. All current and prospective investors are encouraged to read this Brochure in its entirety.

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Item 4. Advisory Business

The Adviser, a Delaware limited partnership, is an investment advisory firm with its principal place of business in New York, New York. The general partner of the Adviser is Difesa Capital Partners, LLC, a Delaware limited liability company. The Adviser commenced operations in February 2019.

The Adviser provides discretionary investment advisory services to its clients, currently pooled investment vehicles (the “Funds”) and separately managed accounts (the “Accounts”) intended for institutional and other sophisticated investors. The Funds and the Accounts are collectively referred to herein as the “Clients”. The Adviser generally has broad and flexible investment authority with respect to each Client’s investment portfolio. It provides investment advisory services to the Clients based on each Client’s specific investment objectives and strategies. The Adviser does not tailor its advisory services to the individual needs of investors. Each Client may have investment restrictions on investing in certain securities or other assets, to the extent that such securities are outside of the applicable Client’s existing investment program.

Peter Cohen is the managing member and chairman of each the general partner of the Adviser, and Andrew Cohen and Gregory Davis are both members of the general partner of the Adviser. Andrew Cohen is the chief investment officer of the Adviser and has the ultimate responsibility for, and discretion over, the management of the Adviser’s Funds. Peter Cohen has the ultimate responsibility for, and discretion over, the management of the Adviser’s Accounts.

As of December 31, 2019, the Adviser has regulatory assets under management (“RAUM”) of \$72,086,324, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

The fees and expenses that are applicable to an investment with the Adviser are set forth and agreed to in each Client’s governing documents, which may include a private offering memorandum, subscription and operating agreement, and investment management agreement or other agreements (collectively, the “Offering Documents”). Investors and prospective investors must carefully review the Offering Documents of the Client in which they are invested or may invest, to review the specific fees and expenses applicable to their investment.

The Adviser charges the Accounts management fees ranging from 0.25% to 0.5% per annum based on a percentage of the Account’s average net asset value and shall be paid quarterly in arrears, by deduction from the Account. All reasonable expenses incurred in the ordinary course of business relating to the Accounts including, but not limited to, trading commissions, costs of the administrator, any brokerage and custody fees, and other reasonable costs of safekeeping, transport and acquisition and disposition shall be paid by the Account, by deduction from the Account.

The Adviser charges the Funds asset-based investment management fees based on the value of each Fund’s assets under management. The Adviser will also be eligible to receive from each Fund an incentive allocation, which is compensation based on a share of capital gains on, or capital appreciation of, each Fund’s assets. The management fees and the incentive allocations may be paid to the Adviser or a related person of the Adviser. Fund investors are subject to the management fee and incentive allocation through their investment in the Fund.

For the Funds that charge a management fee, the fee, payable quarterly in advance, is at an annual rate

ranging from 0.75% to 1.0% of the value of each investor's account as of the beginning of the applicable quarter. The management fee will be prorated for any period that is less than a full fiscal quarter, and will be adjusted for subscriptions and withdrawals during the quarter. Each Fund's custodian will deduct the management fee from the Fund's account.

The incentive allocation charged to each Fund ranges from 15% to 20% of the Fund's net profits (including any realized and unrealized gains and losses) and may be subject to a hurdle.

In addition to paying investment management fees and incurring performance-based fees, as set forth in the relevant Offering Documents, the Funds are subject to other investment expenses, such as commissions; research consultants' fees and research fees and expenses (including research-related travel and subscription fees for services such as Bloomberg); compliance, administration, legal, audit and accounting expenses; regulatory compliance, filings and reporting (including, but not limited to, Form PF) expenses; interest on margin accounts and other indebtedness; borrowing charges related to short sales; custodial fees; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets; organizational expenses; bank services fees; and Fund-related insurance costs (including D&O and E&O insurance for the investment manager and general partner).

Item 6. Performance Based Fees and Side by Side Management

As discussed in Item 5, the Adviser will be paid performance-based fees by the Funds.

Item 7. Types of Clients

As described in Item 4, the Adviser's Clients are private investment funds and managed accounts suitable for institutional and other sophisticated investors. Any initial and additional subscription minimums for investors will be disclosed in the Offering Documents.

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

The Accounts investment objectives are a combination of capital appreciation as well as income generation. The Adviser will seek to achieve this objective by investing the Accounts' assets in equities, and high yield fixed income products. In order to achieve these returns, the Adviser will invest in equities where it sees opportunity for growth as well as value. It will seek high yield bonds that will generate current income for the Accounts and where it deems the credit quality of the underlying issuer to be reasonable relative to the yield of the issuers' securities.

For the Accounts the Adviser will employ a fundamental research process that seeks to assess the present and future value of equities as well as the credit worthiness of bond issuers. The Adviser's research process will include, without limitation, fundamental valuation and relative value analysis, inquiry into business specific issues, evaluation of management teams and assessment of any extraordinary corporate events such as mergers and acquisitions or financings that may be pending or anticipated.

Notwithstanding the aforementioned mandate of the Accounts, the Adviser reserves the right to allocate to other assets classes, as well as special situations, where it deems the opportunity appropriate, but will rely on the same fundamental research process in evaluating these opportunities.

The Funds' investment objective is to achieve consistent absolute returns while emphasizing the preservation of capital. The Adviser will seek to achieve this objective by investing the Clients' assets in equities and equity-linked securities. By utilizing hedging strategies, the Clients intend to capture returns with limited market directionality. In order to seek to capture these returns, the Adviser will invest in asset

classes where it believes the Clients can generate consistent yield with low portfolio volatility, while preserving optionality for equity returns.

For the Funds, the Adviser will take a fundamental, research driven approach to seek attractive yield opportunities, primarily in special purpose acquisition companies (“SPACs”), convertible bonds, private investments in public equities (“PIPEs”), warrants and other equity-linked securities, initially in the United States and Canada. To implement this investment program, the Adviser will utilize a fundamental research driven approach to evaluating potential investments. Potential investment ideas for SPACs will be sourced from SPAC IPOs, the universe of listed SPAC securities and pro forma companies that have been purchased by SPACs. PIPE transactions will be sourced through proprietary relationships and deal flow. Convertible bond opportunities will be sourced from the universe of publicly registered convertible securities.

For the Funds, the Adviser will employ a proprietary fundamental research process that seeks to assess the present and future value of SPAC securities as well as the outcomes of extraordinary corporate transactions of SPACs. Similarly, when evaluating other equity-linked arbitrage opportunities, the Clients will utilize a fundamental research process and fundamental trading analysis to seek to assess the present and future value of publicly listed companies, their common stock values and the values of any equity-linked securities that may exist in their capital structure or that they may be issuing to investors. The Adviser’s research process will include, without limitation, fundamental valuation and inquiry into business specific issues, analysis of transaction dynamics (such as shareholder votes and financing needs), analysis of the relevant legal documents (such as warrant agreements, convertible bond prospectuses, intercreditor agreements, etc.) and analysis of corporate governance issues. The Adviser anticipates employing leverage when it deems it appropriate in order to enhance yield.

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors in a Client should speak with their legal, tax and financial advisors prior to making an investment. The following summary identifies the material risks related to the Adviser’s principal investment strategies and should be carefully evaluated before making an investment in any Client. This summary does not intend to identify all possible risks of investing in the Clients or provide a full description of the identified risks. Please refer to the Offering Documents of each Client for additional and specific risk disclosures applicable to such Client.

Equity Securities

The Accounts will invest in equity securities. The value of equity securities fluctuates in response to issuer, political, market and economic developments. Fluctuations can be dramatic over the short- and long-term. Issuer, political or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased market volatility and may have adverse effects on world economies and markets generally.

Credit Risk

The Accounts’ strategies include the purchase of bonds and may include investment grade bonds and high-yield bonds, including those for which there is available credit protection via CDS, CDS baskets, shorting various exchange traded funds or other instruments. Although an Account may seek to hedge a portion of the perceived vulnerable credit exposure relating to these bond positions, it may not always do so or be able to do so and such hedges may not always be effective. Accordingly, there will always be some amounts of credit risk to municipal bonds, investment grade and high-yield bonds in each Account’s portfolio.

Investment Grade Loans and Bonds

The Accounts may invest in investment grade loans and bonds. Investment grade securities typically do not contain significant covenants or other restrictions on the ability of the issuers to engage in certain activities which can lead to deterioration in their credit quality. Such activities can include the declaration of dividends, the spin-off of substantial corporate assets, increases in corporate leverage for any purpose and engaging in mergers and acquisitions, whether as a buyer or a seller. These activities can lead to sudden changes in the credit profile of such issuers and consequently to downgrades of their credit ratings. In addition, a deterioration of an issuer's operating performance, competitive position or outlook for any reason can also lead to negative rating agency actions. These factors and others can ultimately lead to reduced prices for an issuer's securities in the markets and losses for the Account.

High Yield Loans and Bonds

The Accounts may invest in high yield loans and bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating 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 ability 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 of general economic conditions. Because investors generally perceive that there are greater risks associated with these lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for 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.

Special Purpose Acquisition Companies ("SPACs") Generally

The Funds will invest in SPACs. Because SPACs have broad discretion to select potential merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (each, a "Business Combination") (subject to industry, geographic or other limitations, if any), it is not possible for the Adviser to ascertain all of the merits or risks of investing in a particular SPAC.

The officers and directors of a SPAC will generally not be required to commit their full time to the affairs of the SPAC, which may result in a conflict of interest in allocating their time between the operations of the SPAC and their own business interests. If the officers and directors have other businesses and affairs that require them to devote substantial amounts of time, it may negatively impact the ability of the SPAC to identify and complete a Business Combination. In addition, officers and directors of a SPAC may become involved with other SPACs in which the Fund does not invest that may engage in similar business opportunities. Accordingly, the officers and directors may have conflicts of interest in determining to which entity a particular business opportunity should be presented. There can be no assurance that the business opportunity will be presented to the SPAC in which the Fund has made an investment.

SPACs are newly incorporated companies with no operating results. Because SPACs lack operating histories, the Adviser will have no basis upon which to evaluate a SPAC's ability to achieve its business objective of completing a Business Combination. Upon a SPAC's IPO, SPACs typically have no plans, arrangements or understandings with any prospective target business concerning a Business Combination and may be unable to complete a Business Combination. If a SPAC does not complete a Business Combination, then the SPAC securities are generally redeemed at a price less than their IPO price.

There is no guarantee that a SPAC in which a Fund invests will be able to execute a Business Combination

with an operating entity. SPACs may encounter intense competition from other entities having similar business objectives, such as venture capital funds, leveraged buy-out funds and other private equity entities, as well as operating businesses competing for acquisitions. Many of the competitors may possess greater resources and expertise that could give them an advantage over the Fund in competing for Business Combination opportunities. If the Fund invests in a SPAC that is unable to execute a Business Combination, the Fund will receive its share of the proceeds held in trust, subject to reduction if third party claims are made against the SPAC. If the Fund were to acquire certain types of units, the Fund may lose the entire amount of its investment in the units if a Business Combination cannot be affected by such SPAC. If a SPAC completes a Business Combination with a financially unstable company or an entity in its development stage, the SPAC may be affected by the numerous risks inherent in the business operations of those entities.

Business Combination Time Frames May Affect Negotiations and Reduce Returns

SPACs generally have between 12 to 24 months to complete a Business Combination. Target companies negotiating with SPACs will have this information prior to commencing a negotiation. As a result, a SPAC may pay more for a target company or be in a weaker negotiating position when negotiating with a target company. These time limits may negatively impact the value of the SPAC's common shares and warrants, and therefore, adversely affect the Fund.

If a Business Combination does not occur during the contractual time frame, a SPAC will return the amounts set forth in its trust account. The amount on deposit in a SPAC's trust account is generally equal to the IPO proceeds, less expenses, plus any interest earned. That amount may be less than or equal to the amount that the Fund paid for the common shares. There is an opportunity cost associated with investing in a SPAC if that SPAC does not complete a Business Combination.

Limited Liquidity in SPAC Securities

Prior to the announcement of a Business Combination, the common shares of a SPAC generally have limited liquidity and may trade at huge discounts to the SPAC's IPO price or its redemption value. The market price of SPAC common shares is a function of supply and demand. During the period of time when the SPAC has not announced a Business Combination, the SPAC securities may be illiquid. If the Fund has acquired a large position in SPAC securities and is then forced to sell those securities or the price of those common shares declines as a result of a lack of demand, the Fund will lose money.

Private Investments in Public Equity ("PIPEs")

PIPEs are private (unregistered) offerings of common stock or other equity securities, usually at a discount to current market price, issued by public companies. The typical PIPE is subject to a "lockup" agreement that prohibits the owner from reselling the PIPE security until it is registered or until a designated holding period has elapsed. On occasion, the SEC has refused to allow PIPE securities to be registered due to the immediate impact such registration could have on the public market for such securities (for example, if certain owners of such PIPEs have sold the securities short in anticipation of their registration). Typically, PIPE securities are offered by small public companies, companies in need of regular cash infusions, companies in financial distress or companies where a public offering has failed. PIPE securities may be susceptible to special risks that may not be present in the relevant issuer's publicly traded securities. Substantial illiquidity could remain even after a PIPE security becomes registered for public sale. Moreover, the Fund's entire investment in PIPE securities may be lost if such securities never become registered.

PIPEs may be difficult to value accurately. In light of the foregoing, there is a risk that an investor who withdraws all or part of his investment while the Fund holds PIPEs will be paid an amount less than it would otherwise be paid if the actual value of such PIPEs is higher than the value designated by the Fund. Similarly, there is a risk that such investor might, in effect, be overpaid if the actual value of the PIPEs held by the Fund is lower than the value designated by the Fund.

Unlike the purchase of freely tradable common stock in the open market, PIPEs generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the convertible securities and the underlying securities with the appropriate federal and state authorities for resale. In order for the Fund's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Fund may be unable to dispose of the securities at appropriate prices, if at all, or may experience substantial delays in doing so, and thus the Fund may not be able to realize the anticipated, or any, profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Fund or that registration of securities pursuant to any such arrangement will create liquidity.

The Fund is also subject to regulatory requirements relating to Regulation D of the Securities Act, pursuant to which PIPEs purchased by the Fund may be exempt from registration. Section 2(a)(11) of the Securities Act defines an "underwriter" as any person who has purchased securities from an issuer with a view towards distribution. In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, the Fund could be deemed to be a "statutory underwriter" based on the method and timing of such sales. If the Fund were deemed to be a "statutory underwriter" it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on the Fund's ability to continue to effectively pursue its investment strategy. If the Fund is deemed to be an "underwriter" in the case of securities offered or sold by the Fund after exercise of registration rights with respect to those securities, the Fund could be held jointly and severally liable with the issuer to the persons purchasing such securities from it for damages based upon misstatements or omissions of material facts in a prospectus or oral communication delivered or made in connection with such offer or sale. If the securities held by the Fund are not registered, the Fund will be able to resell those securities publicly only pursuant to Rule 144 of the Securities Act and only in a manner in which the Fund will not be deemed to be engaged in a distribution of such securities and therefore not to be an "underwriter" with respect to such securities.

Options

The Clients may utilize options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Convertible Securities

The Clients may invest in convertible securities. A convertible security (a bond or preferred stock) may be converted at a stated price within a specified period of time into a certain quantity of the common stock of

the same or a different issuer. Convertible securities are senior to common stock in an issuer's capital structure, but are usually subordinated to similar non-convertible securities. While providing a fixed income stream (generally higher in yield than the income from common stocks but lower than that afforded by a similar non-convertible security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the issuer's common stock.

Interest Rate Risk and Duration Risk

The value of the fixed-income component of a convertible security generally can be expected to fall when interest rates rise and to rise when interest rates fall. Duration measures the approximate price sensitivity of a security to changes in interest rates and is the primary measure of risk within the fixed-income component of a convertible security. Changing conditions and perceptions, including market fluctuations, may modify an obligation's duration and, independently, have other adverse effects on the value of a convertible security.

Arbitrage Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. The Adviser may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Client is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants. In other situations, the favorable spread is contingent on trading a basis (i.e., an imperfect hedge for a specific spread). While the risk relative to an outright position may be lower, arbitrage strategies typically entail taking on certain basis risks.

Warrants and Rights

The Clients will invest in or hold warrants and rights. Warrants are securities giving the holder the right, but not the obligation, to buy the stock of an issuer at a given price (generally higher than the value of the stock at the time of issuance), on a specified date, during a specified period, or perpetually. Rights are similar to warrants, but normally have a shorter duration. Warrants and rights may be acquired separately or in connection with the acquisition of securities. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of investments. In addition, the value of a warrant or right does not necessarily change with the value of the underlying securities, and a warrant or right ceases to have value if it is not exercised prior to its expiration date.

Special Situations

The Clients may invest in the securities of companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions or in companies involved (or the target of) acquisition attempts or tender offers. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client of the security or other financial instrument in

respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Client may invest, there is a potential risk of loss by the Client of its entire investment in such companies. In connection with such transactions (or otherwise), the Client may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when the Client enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Short Sales

The Clients may engage in short selling. Short selling, or the sale of securities not owned by the Client, involves certain risks. Such transactions expose the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Client might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Lack of Diversification

The Clients’ portfolios may not be as diversified as other investment vehicles. Accordingly, the Client’s portfolio may be subject to more rapid change in value than would be the case if the Client were required to maintain a wide diversification.

Leverage

The Clients may utilize leverage. Leverage increases returns to investors if the Client earns a greater return on leveraged investments than the Client’s cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client’s cost of leverage related to such investments and (iv) fluctuations in interest rates on the Client’s borrowings, which may have a negative effect on the Client’s profitability. In case of a sudden, precipitous drop in the value of the Client’s assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client.

Lack of Liquidity of Client Assets; Valuation

Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws, including PIPEs. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Rights

Generally, an investor in a Fund may only withdraw capital on a semi-annual basis and withdrawals may not be made within the first twelve months of the date of such investor's initial investment in the Fund. Investors may only transfer their interests with the written consent of the Fund's general partner. Accordingly, only investors willing to give up some access and control over their funds should acquire interests.

Item 9. Disciplinary Information

There is no disciplinary history to report.

Item 10. Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its directors, officers or principals is registered, or has an application currently pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of any of the above. The Adviser does not recommend or select other investment advisers for the Clients, nor does the Firm have other business relationships with advisers that create material conflicts of interest.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with the Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. For a copy of the Code, the Clients and prospective clients may contact Greg Davis at 212-353-5104 or by email at gdavis@difesa.com. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

To the extent that the Adviser or its related persons invest in the same securities that the Adviser or a related person recommends to a Client, such practices present a conflict where, the Adviser or its related person is in a position to trade in a manner that could adversely affect the Clients. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: the Adviser requires its related persons to preclear certain transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Clients. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's related persons are also required to provide a quarterly certification of such personal securities transactions, as well as initial and annual holdings reports. Trading

in employee accounts will be reviewed by the Chief Compliance Officer or his delegate and compared with transactions for the Client accounts and reviewed against the restricted securities list.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser also recommends to a Client, such Client's proxies will be voted in accordance with the Adviser's proxy voting policy and procedures designed to ensure the Adviser considers any conflicts prior to voting and votes in the best interest of the Clients. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

To the extent the Adviser buys or sells securities for a Client, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account, the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the Client.

Item 12. Brokerage Practice

Generally, the Adviser has the authority to select broker-dealers to execute the Clients' investment transactions. The Adviser will consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates; thus the Clients may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser may receive research or brokerage services from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. Currently, the Adviser has no formal soft dollar arrangements in place. To the extent the Adviser enters into any soft dollar arrangements, the Adviser will limit the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

From time to time, the Adviser may place an aggregated order for execution orders for publicly traded securities for the accounts of two or more Clients. This practice enables the Clients to seek more favorable executions and net prices for the combined order. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day would generally be allocated pro rata among the participating Clients in accordance with the initial amount ordered by each Client. However, the pro rata allocation may be adjusted to avoid having odd amounts of shares held in any Client's account or to avoid deviations from any pre-determined minimum/maximum holdings limits established for any Client. Each Client that participates in the order shall do so at the average price for all the transactions and shall share in commissions or other transaction costs on a pro rata basis.

Item 13. Review of Accounts

The members regularly review and monitor the Clients' investment portfolios to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Clients' performance.

Fund investors receive reports as described in the Funds' Offering Documents.

Item 14. Client Referrals and other Compensation

The Adviser does not, nor do any principals or employees of the Adviser, receive any economic benefit from non-clients for providing advisory services to the Clients. However, the Adviser may receive certain research or other services from broker-dealers through “soft dollar” arrangements. “Soft dollar” arrangements may create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of the Clients. Currently, the Adviser has no formal soft dollar arrangements in place.

The Adviser is not a party to any arrangement to pay a third party for Client referrals.

Item 15. Custody

Rule 206(4)-2 promulgated under the Investment Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Investment Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a “qualified custodian.” Qualified custodians include banks, broker-dealers, FCM and certain foreign financial institutions. Currently, the Adviser has custody over certain Funds’ assets.

Rule 206(4)-2 generally imposes on advisers with custody of clients’ funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients’ funds or securities. However, the Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to the Clients. Please see Item 4 as well as the relevant Offering Documents for a description of any limitations the Clients may place on the Adviser’s discretionary authority.

The Adviser entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser’s discretion, prior to assuming full discretion in managing the Clients’ assets. Each investor is also required to sign a subscription agreement and limited partnership agreement prior to investing in the Funds.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of a Client, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to a Client's securities, such proxies are voted in the best interests of the Client.

If a material conflict of interest between the Adviser and the Clients exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Clients or take some other appropriate action.

For additional information about the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Clients' proxies contact Greg Davis at 212-353-5104 or by email at gdavis@difesa.com.

Item 18. Financial Information

The Adviser does not charge any fees six months or more in advance.

The Adviser is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments to the Clients.

The Adviser has never been the subject of a bankruptcy petition.