



**11 Capital Partners LP  
Form ADV Part 2A  
Firm Brochure**

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**March 10, 2020**

This Brochure (“*Brochure*”) provides information about the qualifications and business practices of 11 Capital Partners LP. If you have any questions about the contents of this Brochure, please contact 11 Capital Partners LP at (646) 989-3735 or [bfieber@11capitalpartners.com](mailto:bfieber@11capitalpartners.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. Additional information about 11 Capital Partners LP and its affiliates is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2**

### **Material Changes**

On December 6, 2019, 11 Capital Partners LP (“*11 Capital*” or the “*Firm*”) initially filed this Brochure as part of its application to register as an investment adviser with the SEC in reliance on the exemption provided under Rule 203A-2(c) on the Investment Advisers Act of 1940. 11 Capital has not made any updates since that date.

This is 11 Capital’s update to its 120-day registration filing with the SEC. While this update contains changes and updates to certain information since the initial filing on December 6, 2019, 11 Capital believes the following are the only material changes:

- 11 Capital Onshore Fund LP, 11 Capital Offshore Fund LP, and 11 Capital Master Fund LP launched on February 1, 2020. In addition, 11 Capital began providing advisory services to a separately managed account that pursues the substantially similar strategy to 11 Capital’s private fund clients on February 1, 2020.
- This updated Brochure is part of an overall amendment to 11 Capital’s Form ADV confirming that 11 Capital is eligible for SEC registration because it now qualifies as a “large advisory firm” with more than \$100 million of regulatory assets under management.
- Item 14, “*Client Referrals and Other Compensation*,” has been updated to reflect 11 Capital’s use of a placement agent to introduce potential investors to 11 Capital’s private fund clients.

11 Capital recommends that you read this Brochure in its entirety. If 11 Capital makes any material changes to this Brochure, this item will be revised to include a summary of such changes.

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## Item 4 Advisory Business

### A. General Description of Advisory Firm

11 Capital, a Delaware limited partnership, was formed in March 2019. 11 Capital began operations as an investment adviser on February 1, 2020. 11 Capital has its principal place of business in New York, New York. Jason McDougall (the “*Chief Investment Officer*”) is the principal owner of 11 Capital and has ultimate responsibility for its management and investment decisions. 11 Capital Partners GP LLC, a Delaware limited liability company, serves as the general partner of 11 Capital and is owned by Mr. McDougall and Brian Fieber, the Chief Operating Officer and Chief Compliance Officer (the “*Chief Compliance Officer*”) and/or entities owned or controlled by them or for the benefit of them and their families.

11 Capital Fund GP LLC (the “*Fund General Partner*”), a Delaware limited liability company, is an affiliate of 11 Capital and serves as the general partner of clients that are organized as U.S. partnerships. 11 Capital and the Fund General Partner share facilities and personnel. The Fund General Partner is owned by Mr. McDougall and Mr. Fieber and/or entities owned or controlled by them or for the benefit of them and their families.

### B. Description of Advisory Services

11 Capital provides investment advisory services on a discretionary basis to the following private fund clients (the “*Funds*”):

- 11 Capital Onshore Fund LP, a Delaware limited partnership (the “*Domestic Fund*”);
- 11 Capital Offshore Fund Ltd, an exempted company incorporated under the laws of the Cayman Islands (the “*Offshore Fund*”); and
- 11 Capital Master Fund LP, a Cayman Islands exempted limited partnership (the “*Master Fund*”), which serves as the master fund into which the Domestic Fund and the Offshore Fund invest substantially all of their assets through a “master feeder” structure.

The Fund General Partner serves as the general partner of the Domestic Fund and the Master Fund. The Offshore Fund is governed by its Board of Directors.

11 Capital also provides advisory services to a separately managed account (the “*Managed Account*”). The Managed Account pursues a substantially similar strategy to the Funds.

References throughout this document to “*Clients*” refer to the Funds and the Managed Account listed above and to any other private investment funds and separately managed accounts 11 Capital may advise in the future.

In providing advisory services, 11 Capital intends to pursue a global long/short equity strategy focused on identifying investments that fit into proprietary frameworks and conducting detailed company-specific research through the use of its internal investment process.

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*The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Investors in the Funds must meet the qualifications set forth in the applicable offering documents. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

**C. Tailored Advisory Services for Client Accounts**

11 Capital manages assets in accordance with the stated investment objectives of each Client, as described in any relevant investment management agreement or similar agreement (an “IMA”) or in an offering memorandum or a Client’s organizational documents (together with the IMA and the offering memorandum, the “Offering Documents”). Investment advice is provided directly to Clients and not individually to the limited partners, shareholders, and investors in Clients (the “Investors”). In the case of the Managed Account, 11 Capital manages those assets in accordance with the stated investment objectives of the Managed Account’s IMA. 11 Capital intends for the Funds and the Managed Account to hold similar investments, to the extent practical, subject to investment guidelines, tax, regulatory, and other considerations which may cause investments to differ.

**D. Wrap Fee Programs**

11 Capital does not currently participate in wrap fee programs.

**E. Assets Under Management**

As of March 1, 2020, the Firm has regulatory assets under management of \$264,687,000, all managed on a discretionary basis.

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## Item 5 Fees and Compensation

### A. Advisory Services and Fees

11 Capital, either directly or indirectly through its affiliated entities, receives management and performance-based incentive fees or allocations in connection with the investment advisory services 11 Capital provides to the Clients. The fees and/or allocations applicable to each Client are set forth in detail in each Client's Offering Documents and/or the applicable IMA.

A brief summary of such fees and allocations for the Funds is provided below.

#### Management Fee

Fund Investors pay a management fee that ranges between 1% and 1.5% per annum (the "*Management Fee*"), based on the Investor's class of interest in the Funds. The Management Fee is based upon the Fund Investor's capital account balance as of the beginning of the fiscal quarter.

#### Incentive Allocation

At the end of each fiscal year, the Fund General Partner will be entitled to receive an incentive allocation based on investment performance of the Funds (the "*Incentive Allocation*") generally in an amount between 15% and 20% of realized and unrealized gains for the year subject to a traditional "high watermark."

Generally, the Management Fee and Incentive Allocation are not negotiable. However, with respect to any Fund Investor, 11 Capital and/or the Fund General Partner will have the right to reduce, waive, assign, grant participation in or otherwise share the Management Fee and Incentive Allocation, without the consent of, or notice to, any other Investor. 11 Capital and the Fund General Partner intend to waive the Management Fee and Incentive Allocation for itself and its partners, affiliates, employees, and family members.

The Funds occasionally enter into side letter arrangements with certain Investors which provide for, different or additional terms than those described above including, without limitation, the fees charged, minimum subscription amounts, redemption rights, key man provisions, "most favored nation" clauses, transfers, reporting, and other rights. The terms of such side letters will be determined by the Domestic Fund's Fund General Partner and the Offshore Fund's Board of Directors, where applicable.

The Managed Account pays a management fee and incentive fee based on the value and performance of the assets in such account, determined in accordance with the Managed Account's IMA.

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**B. Payment of Fees**

Management fees are paid quarterly in advance. Incentive Allocations and fees are paid in arrears as set forth in the Offering Documents and applicable IMA. With respect to the Funds, the Management Fee and Incentive Allocation are generally deducted from each Investor's capital balance account by the Funds' administrator.

**C. Additional Expenses**

The fees and allocations described above are exclusive of other expenses associated with the provision of investment advisory services that are paid by Clients. Each Client of 11 Capital generally bears all of its own expenses, including but not limited to expenses related to its operations and the investment of its assets.

Each Fund shall bear those expenses as set forth in the applicable Offering Documents, as amended from time to time, including but not limited to some or all of the following:

- Organizational and offering expenses;
- Expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data, data feeds, subscriptions, expert networks, political intelligence providers and reports);
- The costs of research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals and subscriptions;
- The costs of 11 Capital's portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services;
- Expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith;
- Travel and related expenses associated with investments and potential investments;
- Professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal and other advisory fees and expenses;
- Transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments;
- Expenses associated with legal and regulatory filings of the Funds;
- Administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the administrator;

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- Expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization with respect to the Funds;
  - Broken-deal, failed transaction, break-up and similar fees, costs and expenses (if any);
  - Costs and expenses of leverage or any other borrowings of the Funds;
  - Expenses incurred in the collection of monies owed to the Funds, as applicable;
  - Auditing and accounting expenses of the Funds;
  - Any entity-level taxes, fees or other governmental charges on the Funds;
  - Costs and expenses associated with investor communications and reports and the delivery thereof to investors;
  - The costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions;
  - Costs and expenses associated with meetings of the Investors;
  - Insurance expenses, including, without limitation, general partner liability insurance and other policies, if any, as well as the Funds' share of expenses with respect to directors' and officers' liability insurance and errors and omissions insurance;
  - Costs and expenses associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds;
  - Wind-up, liquidation, termination and dissolution expenses;
  - Costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations;
  - Costs related to any transfers of interests in the Funds, unless otherwise charged to or borne by the applicable transferor and/or transferee;
  - Expenses incurred in connection with the preparation of any amendment to the Funds' Offering Documents, including the preparation or amendment of any side letter;
  - Expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Funds;
  - Any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); and
  - All other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds, including, without limitation, any other cost that may otherwise be paid by the Funds with soft dollars pursuant to Section 28(e) of the Exchange Act.

In general, each Fund Investor will bear its proportionate share of the Fund expenses on a pro rata basis with respect to the size of its capital account balance. 11 Capital and/or the Fund General Partner may, however, allocate expenses on another basis, including by allocating certain expenses



to certain (but not all) Fund Investors, if 11 Capital and/or the Fund General Partner determine that such an allocation is more equitable.

The Managed Account is subject to different expenses, which are set forth in the Managed Account's IMA.

To the extent that expenses to be borne by a Client are paid by 11 Capital, the Client will reimburse 11 Capital for such expenses.

To the extent that Client expenses are attributable to multiple Clients, such amounts will be allocated in accordance with 11 Capital's expense allocation policies, pursuant to which 11 Capital will generally allocate such expenses pro rata based upon the respective net asset values of such applicable 11 Capital Clients. Notwithstanding the foregoing, 11 Capital may make non-pro rata allocations as permitted by the expense allocation policy.

**D. Prepayment of Fees**

The Management Fee is paid quarterly in advance.

**E. Additional Compensation and Conflicts of Interest**

Neither 11 Capital nor its personnel receive a brokerage commission or any other compensation attributable to the sale of securities or other investment products.

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

11 Capital and the Fund General Partner receive performance-based fees or allocations from every Client. As a result, 11 Capital and the Fund General Partner do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees or allocations from some clients, but not from other clients.

The performance-based incentive fees or allocations paid to 11 Capital and the Fund General Partner may create an incentive for 11 Capital and the Fund General Partner to make investments that are riskier or more speculative than it would otherwise make. In addition, because the incentive fee or allocation is calculated based on unrealized appreciation of a Client's net assets, it may be greater than if such compensation were based solely on realized gains. These conflicts are disclosed in the applicable Offering Documents and/or IMA and are believed to be understood by 11 Capital's Clients.

**Item 7**  
**Types of Clients**

11 Capital provides investment advisory services to the Funds and the Managed Account.

Fund Investors may include high net worth individuals, family offices, fund of funds, endowments, foundations, trusts, charitable organizations, pension funds, corporate business entities, and other sophisticated investors. The Funds typically require a minimum initial investment of \$5,000,000, subject to the discretion of 11 Capital to accept a lower amount. Investors generally must be “*Accredited Investors*” and “*Qualified Purchasers*” (as defined under federal securities laws).

The minimums required for a separately managed account will be determined on a case-by-case basis.

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**Item 8**  
**Method of Analysis, Investment Strategies and Risk of Loss**

**A. Methods of Analysis and Investment Strategies**

The investment objective of the Funds is to generate attractive, risk-adjusted returns pursuant to a global long/short equity strategy focused primarily on conducting deep bottoms-up analysis on companies. 11 Capital will attempt to identify investments that fit into proprietary frameworks, a unique means of finding alpha generating opportunities, followed by highly detailed company-specific research through the use of its internal investment process to create an investment edge with a variant perception over a twelve (12) to sixty (60) month timeframe. Generally, the Funds endeavor to avoid popular or consensus investments and focus instead on sourcing differentiated ideas, providing minimal overlap with many other similarly-situated long/short hedge funds. 11 Capital will primarily focus on companies in the consumer, industrials, technology, media and telecom sectors. However, 11 Capital expects to make investments in a wide range of sectors and will seek to develop industry sector themes consistent with its investment objectives of the Funds.

11 Capital will seek to generate long investment opportunities by following a repeatable research process intended to identify high-performing companies when they dislocate, allowing 11 Capital to determine if the cause is permanent or transitory. 11 Capital will also search for special situations that create new opportunities to invest in high-performing companies including exceptional but undermanaged companies that upgrade to a superior management team and high-performing companies spun off from larger but inferior parent companies. Short investment opportunities are expected to be generated through (i) organic research on the long side, where through its research process, 11 Capital discovers competitors, vendors or customers that high performing companies are pressuring, disrupting, or rendering obsolete; (ii) data tracking processes designed to uncover companies exhibiting signs indicative of future problems; and (iii) search inversion where 11 Capital reverses its search algorithms for longs to uncover shorts that have chronic and unsolvable issues that have caused them to consistently underperform and destroy shareholder value.

The Managed Account will pursue the identical or substantially similar strategy as the Funds.

**B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The investment program that 11 Capital pursues on behalf of its Clients is speculative and involves substantial risks. There can be no assurance that Clients will achieve their investment objectives. As a result of the inherent riskiness and uncertainty of an investment in the Clients, such investment involves the risk of loss of some or all of an Investor's investment.

**Risk Factors**

Prospective Investors should carefully consider the risks involved in an investment in a Client, including, but not limited to, those discussed below. For a complete explanation of all relevant investment strategies and their associated risks, prospective Investors should review the applicable Offering Documents and/or IMA, which may contain explanations of additional strategies and corresponding risks not discussed below.

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Risks Relating to Investment Strategy

**General Investment and Trading Risks.** All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If 11 Capital's evaluation of an investment opportunity should prove incorrect, the Clients could experience losses as a result of a decline in the market value of securities in which the Clients holds a long position or an increase in the value of securities in which the Clients holds a short position. The Clients' investment program will include short sales, which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Clients may be subject. The risk management techniques that may be used by 11 Capital do not provide any assurance that the Clients will not be exposed to a risk of significant investment losses. No guarantee or representation is made that the Clients' investment program will be successful, that the Clients will achieve their targeted returns or that there will be any return of capital to Investors. In addition, investment results may vary substantially over time.

**Investment Judgment.** The profitability of a significant portion of the Clients' investment program depends to a great extent upon correctly assessing the future profitability of companies and future price movements of securities and other investments. There can be no assurance that 11 Capital will be able to accurately predict the long-term results of any security or other investment.

**Availability of Suitable Investments.** The success of the Clients' investment and trading activities depend on the ability of 11 Capital to identify overvalued and undervalued investment opportunities and to manage market risk. Identification and exploitation of the investment strategies to be pursued by the Clients involve a high degree of uncertainty. No assurance can be given that 11 Capital will be able to identify suitable investment opportunities in which to deploy all of the Clients' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Clients. Certain of the investment strategies employed by the Clients may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue. No representation is made by 11 Capital as to what results the Clients will or is likely to achieve based on these trends and relationships.

**Available Information.** 11 Capital may select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to 11 Capital by such issuers, or through sources other than the issuers. Although 11 Capital evaluates all such information and data, and seeks independent corroboration when 11 Capital considers it appropriate and when it is reasonably available, 11 Capital is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

**Concentration of Investments; Limited Diversification and Sector Investing.** The Clients may hold a limited amount of positions (both long and short) at any given time and the Clients may hold relatively large positions in few securities. As a result of the Clients' possible lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of the Clients' rate of return. Likewise, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on the performance of the Clients.

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**Risk Management.** The Clients' investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Clients will be achieved or that the Clients will be profitable, and results may vary substantially over time. 11 Capital will focus on managing risk through the quality of its investment process and monitoring of investments. 11 Capital may not broadly diversify the portfolio and, in such event, the Clients will bear greater risk with respect to each investment than would be the case with respect to a diversified portfolio.

There can be no assurance that the investment objectives of the Clients will be achieved. In fact, many of the investment techniques utilized by the Clients may, in certain circumstances, exacerbate the adverse impact of particular transactions or conditions on the investment program of the Clients.

**Short Sales.** Short selling involves borrowing, including from securities brokers or other institutions, and selling securities that are not owned, with an obligation to replace the borrowed securities at a later date, the cost of which may be significant. Short selling allows the investor to profit from a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

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

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

**Hedging.** The Clients may engage in certain hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Clients. The success of the Clients' hedging strategy will be subject to 11 Capital's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Clients' hedging strategy will also be subject to 11 Capital's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Clients than if no such hedging transactions were executed. Moreover, 11

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Capital may determine not to hedge against, or may not anticipate, certain risks. Finally, the Clients may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

**Leverage.** The Clients may employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as 11 Capital may determine in its sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, margin borrowing from securities brokers and dealers, loans, repurchase agreements, derivative instruments that are inherently leveraged, and other financing arrangements, as determined by 11 Capital in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by the Clients may be secured by the securities holdings and other assets of the Clients, as applicable. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Clients is unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Clients' borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Clients' profitability. In addition, the use of leverage may cause a U.S. tax-exempt investor to realize UBTI.

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

**Discretion and Changes in Investment Strategy.** 11 Capital has considerable discretion in choosing the securities that may be acquired, and, subject to its fiduciary duties, it has the right to modify the investment strategy, selection criteria or hedging techniques used by the Clients without the consent of the Investors.

**Risks of Foreign Investments.** The Clients may invest in securities of foreign companies, governments and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Clients may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Clients may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more

volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Clients may invest may be thinly traded and relatively illiquid or may cease to be traded after the Clients invests in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Clients occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Clients may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

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

**Company Capitalization.** The Clients may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization and mid-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-, mid- and medium-capitalization securities, an investment in those securities may be illiquid. The small-, mid- and medium-capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

**Securities of Sub-Investment Grade Companies.** Special risks may arise if the Clients invest in the securities of sub-investment grade and highly-leveraged companies. Although such investments may result in significant returns to the Clients, they involve a substantial degree of risk. If the "natural leverage" created by a company's high level of borrowing work against a Client's short position, such Client's losses would be heightened. If the Clients purchase distressed and/or non-performing debt securities, and subsequent to purchasing them finds that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that 11 Capital will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Clients invest, the



Clients may lose its entire investment. Under such circumstances, the returns generated from the Clients' investments may not compensate the Investors adequately for the risks assumed.

**Special Situation Investments.** The Clients may invest in companies involved in, or the target of, acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Clients 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 Clients may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Clients may invest, there is a potential risk of loss by the Clients of its entire investment in such companies.

#### Risks Relating to Market Conditions Generally

**General Economic Conditions.** The success of the Clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients' investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the Clients' investments and could impair the Clients' profitability or result in losses. 11 Capital may consider some or all of these factors when making trading decisions. The Clients could incur material losses even if 11 Capital reacts quickly to difficult market conditions, and there can be no assurance that the Clients will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Clients will seek to invest can correlate strongly with each other at times or in ways that are difficult for 11 Capital to predict. Even a well-analyzed approach may not protect the Clients from significant losses under certain market conditions.

**Interest Rates.** 11 Capital may borrow funds from brokerage firms and banks on behalf of the Clients to be able to increase the amount of capital available for marketable securities investments. The rates at which the Clients can borrow, in particular, will affect the operating results of the Clients. Even if the Clients make a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade.

#### Risks Relating to Specific Investments

**Equity Securities.** The Clients may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. A risk of investing in the Clients is that equity securities held by the Clients may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the

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business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that 11 Capital believes are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that 11 Capital anticipates.

**Options.** The Clients may engage in the trading of options when appropriate. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

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

#### Risks Relating to the Operations and Investment Activities of the Clients

**Limited Operating History.** Although the Chief Investment Officer and key members of the investment team are experienced investment professionals who have pursued investment objectives similar to the Clients' investment objective at other organizations, the Clients have a limited operating history on which prospective investors can base an evaluation of its performance.

**Reliance on 11 Capital.** 11 Capital has exclusive responsibility for the Clients' trading and investment activities. The quality of the investment advice provided by 11 Capital is highly dependent upon the skills, judgment and expertise of the investment team. The loss of the services of any member of the investment team could adversely affect 11 Capital's ability to trade effectively. In particular, the success of the Clients will be largely dependent upon the efforts of the Chief Investment Officer. Although the Chief Investment Officer intends to devote substantial time and attention to the business, investment activities and affairs of the Clients, he also may engage in other business activities that may limit the time devoted to the business of the Clients.

**Price and Liquidity Fluctuations of Investments.** It is expected that the Clients' investments will be in public securities. However, the market value of the Clients' investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which the Clients invests. During periods of limited liquidity and higher price volatility, the Clients' ability to acquire or dispose of its investments at a price and time that the Clients deems advantageous may be impaired. As a result, in periods of

rising market prices, the Clients may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; the Clients' inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

**Trade Error Risk.** Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume and complexity of transactions executed by 11 Capital on behalf of the Clients, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, 11 Capital will not be responsible for gains or losses resulting from trade errors, except where such trade error is the result of 11 Capital's gross negligence, willful misconduct or fraud.

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

**Institutional Risks.** Institutions will have custody of the assets of the Clients. Certain assets of the Clients will be exposed to the credit risk of the dealers, brokers and exchanges through which 11 Capital deals, whether 11 Capital engages in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Clients. If any broker-dealer or other financial institution holding the Clients' assets were to become bankrupt or insolvent, it is possible that the Clients would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

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

To the extent that the Clients invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Clients may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed

in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

**Securities Lending.** The Clients may lend securities to securities brokers and other institutions as a means of earning additional income. If the other party to such transaction becomes insolvent or bankrupt, the Clients could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, the Clients could experience further losses. Security loans must be fully collateralized, and 11 Capital must be satisfied with the creditworthiness of the other party to the transaction.

**Margin.** 11 Capital may make use of short-term borrowing or repurchase agreements on behalf of the Clients, and any such use will result in certain additional risks to the Clients. For example, should the securities pledged to brokers to secure the Clients' margin accounts or repurchase obligation decline in value, the Clients could be subject to a "margin call," pursuant to which the Clients must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Clients' assets, the Clients might not be able to liquidate assets quickly enough to pay off its margin debt.

**Outsourced Trading.** 11 Capital expects to delegate the authority to select brokers for the Clients' transactions to a third party. As a result, Client expenses will be higher, as a result of paying such third party than if 11 Capital traded directly with such brokers.

**Business Continuity and Disaster Recovery.** The business operations of 11 Capital, its affiliates, the Clients and their portfolio companies may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (*e.g.*, tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although 11 Capital has implemented, or expect to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Clients and the Investors' investments therein.

**Cyber Security Breaches and Identity Theft.** The information and technology systems of 11 Capital, its affiliates, the Clients and their service providers and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although 11 Capital and/or its affiliates have implemented, or expect to implement, measures to manage risks relating to these types of events, if these systems are compromised, become

inoperable for extended periods of time or cease to function properly, 11 Capital, its affiliates, one or more Clients, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of 11 Capital, its affiliates, the Clients and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing of Investor subscriptions or withdrawals, impact the Clients' ability to value its assets, cause the release of confidential information and/or subject the Clients to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Clients also may incur substantial costs for cyber-security risk management to prevent any cyber incidents in the future. The Clients and the Investors could be negatively impacted as a result.

**Item 9**  
**Disciplinary Information**

There have been no legal or disciplinary events that are material to a Client's or prospective Investor's evaluation of the Firm's advisory business or the integrity of the Firm's management.

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**Item 10**  
**Other Financial Industry Activities and Affiliates**

**A. Broker-Dealer Registration**

Neither 11 Capital nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration**

Neither 11 Capital nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

11 Capital has claimed an exemption from CFTC registration under Rule 4.13(a)(3), which exempts commodity pool operators that (i) trade only a de minimis level of commodity interests, (ii) market to “accredited investors” and (iii) do not market trading in commodity interests.

**C. Material Relationships and Conflicts of Interests with Industry Participants**

The Firm’s relationships and arrangements with its Clients and other industry participants are material to its advisory business and may raise actual or potential conflicts of interest. Prospective Investors should carefully consider the risks involved in an investment with us, including, but not limited to, those discussed below. Prospective Investors should consult their own legal, tax and financial advisers as to all of these risks and as to an investment with the Firm generally.

**Multiple Client Accounts**

11 Capital provides investment advisory services to multiple Clients. Notwithstanding the foregoing, 11 Capital expects to manage assets for other investment vehicles and accounts, either directly through separately managed accounts or indirectly through funds-of-one or other pooled investment vehicles, in the future. These other investment vehicles and accounts may have investment programs, strategies and positions that are similar to, overlap with, are different from or may conflict with those of the Clients, or may compete with or have interests adverse to the Clients. As a result of the foregoing, 11 Capital and its affiliates may have conflicts of interest in (i) allocating the time and resources of 11 Capital personnel between and among Clients, (ii) allocating investment opportunities between and among Clients, and (iii) effecting transactions between Clients, including Clients in which 11 Capital or its personnel may have different financial interests.

**Research Providers**

The Chief Investment Officer and Chief Compliance Officer hold minority equity interests in several third-party research providers (collectively, the “*Research Firms*”), which provide, among other products and services, portfolio and data analytics, research and industry experts. 11 Capital expects to engage such Research Firms to provide research to 11 Capital and the Clients. While

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11 Capital believes that the quality and pricing of the Research Firms are as good as, or better than, the Research Firms' competitors and peers, a conflict of interest arises because the payment of fees by the Clients to the Research Firms may increase the profitability of the Research Firms and, therefore, increase the value of the Chief Investment Officer's and Chief Compliance Officer's investments in the Research Firms. Accordingly, 11 Capital currently intends that all fees and expenses charged by the Research Firms will be borne by 11 Capital.

#### How 11 Capital Addresses Potential Conflicts of Interest

To address potential conflicts of interests in its material relationships, 11 Capital has adopted certain policies and procedures, including a Code of Ethics. The Chief Compliance Officer is responsible, on a day-to-day basis, for implementing these policies such that they do not pose a material risk to 11 Capital and its Clients. For a more detailed discussion of the Code of Ethics, please see Item 11, "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*," below.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

11 Capital does not recommend or select other investment advisers for our Clients.



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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "*Advisers Act*"), 11 Capital has adopted a Code of Ethics designed to reinforce and enhance the Firm's ethical way of doing business. The Code of Ethics is based on the principle that 11 Capital and its employees have a fiduciary duty to its Clients, and must in this fiduciary capacity, place the interest of the Clients before its own. The Code of Ethics is designed to address and avoid conflicts of interests and is applicable to all employees. The Code of Ethics contains detailed rules concerning, among other issues, conflicts of interests, procedures with respect to personal securities transactions, gifts and entertainment, and outside business activities. Furthermore, the Code of Ethics provides for a range of sanctions, as deemed appropriate, including censure, fine, reversal of transactions and disgorgement of profits, suspension or termination of employment.

A copy of 11 Capital's Code of Ethics is available upon request by contacting 11 Capital at the address or telephone number listed on the first page of this document.

**B. Participation or Interest in Client Transactions**

11 Capital and its employees, directly or indirectly, will have an investment in the Funds. As a result, 11 Capital and its employees have an interest in the investments that may also be recommended to Clients.

11 Capital does not intend to purchase or sell any securities for its own account and does not otherwise expect to engage in any principal transactions. However, on occasion, and subject to a Client's applicable investment guidelines and restrictions, 11 Capital may determine that it would be in the best interests of the Clients to transfer a security from one Client to another (each such transfer, a "*Cross Trade*") for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of Clients, or to reduce transaction costs that may arise in an open market transaction. If 11 Capital decides to engage in a Cross Trade, it will determine that the trade is in the best interests of both of Clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients. 11 Capital intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two Clients may occur as an "internal cross," where 11 Capital instructs the prime broker for the Clients to book the transaction at a price consistent with the Firm's Valuation Policy. If 11 Capital effects an internal cross, it will not receive any fee in connection with the completion of the transaction. Cross Trades generally will be made without brokerage commissions being charged. When effecting Cross Trades between Clients, 11 Capital will have potentially conflicting division of loyalties and responsibilities with respect to each participating Client. To the extent that any such Cross Trade may be viewed as a principal transaction due to the ownership interest in the Client by 11 Capital or its personnel, 11 Capital will comply with all applicable requirements of the Advisers Act.

**C. Personal Trading**

11 Capital's Code of Ethics places restrictions on personal trades by its employees and any of their respective spouses, domestic partners or children living in the same household of such employees (each a "*Covered Persons*"). Except with respect to certain permitted investments, 11 Capital does not typically permit Covered Persons to trade Reportable Securities (as defined in the Code of Ethics, and which include single name equity and debt securities, options or other derivatives on securities, indices and currencies, and interests in private investment funds) in their personal accounts. Permitted investments include mutual funds, U.S. government securities, currencies, ETFs, closed-end funds, unit investment trusts, and other broad index securities. On occasion, and subject to written pre-clearance from the Chief Compliance Officer, Covered Persons may be permitted to trade certain Reportable Securities if such transactions do not pose a conflict of interest. For example, Covered Persons may be permitted to sell positions acquired prior to joining 11 Capital or to purchase certain positions that are not appropriate for 11 Capital's Clients. Covered Persons must also disclose all personal accounts and holdings initially upon commencement of employment, and annually thereafter. In addition, Covered Persons are required to provide quarterly reports regarding transactions in Reportable Securities and newly opened personal accounts thereafter.

**D. Conflicts of Interest Created by Contemporaneous Trading**

11 Capital seeks to allocate investment opportunities in a manner it considers fair, reasonable, and equitable, and in a manner that is in the best interest of the Clients and consistent with the investment objectives of each of Client. The Funds and Managed Account pursue a substantially similar investment strategy and are generally managed *pari passu*. Allocations of investment opportunities will be made to participating Clients *pro rata* based on each such Client's respective net asset value.

Notwithstanding the foregoing, 11 Capital may determine that allocating an investment opportunity to multiple Clients *pro rata* to net asset value may not be appropriate. Reasons for allocating on a basis different from each Client's respective net asset value include a Client's investment guidelines and restrictions, available cash, liquidity requirements, regulatory, tax or legal reasons, to avoid odd-lots or in cases when a *pro rata* allocation would result in a *de minimis* allocation to one or more Clients.

In general, closing transactions (*i.e.* sales and cover transactions) will be allocated *pro-rata* based on each Client's current holdings of that investment. However, investment decisions, including the decision to unwind an existing investment, can be made independently for each Client.

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## Item 12 Brokerage Practices

Pursuant to the relevant Offering Documents and/or applicable IMA, 11 Capital has discretion to select broker-dealers to effect transactions on behalf of its Clients. Accordingly, portfolio transactions will be allocated to such brokers-dealers based on best execution and in consideration of such broker-dealers' provision or payment of the costs of research and other services.

### A. Selection of Broker-Dealers and Reasonableness of Compensation

11 Capital will place trades for execution only with approved brokers-dealers. Purchase and sale transactions for Client accounts are generally allocated to broker-dealers on the basis of best execution. When selecting broker-dealers (include prime brokers) to execute transactions, 11 Capital will consider the full range and quality of a broker-dealer's services (both qualitative and quantitative factors) including, but are not limited to:

- Quality of execution (including accurate and timely execution, clearance and error/dispute resolution);
- Reputation, financial strength and stability;
- Block trading and block positioning capabilities;
- Willingness to execute difficult transactions;
- Willingness and ability to commit capital;
- Access to underwritten offerings and secondary markets;
- Ongoing reliability;
- Overall costs of a trade (*i.e.* net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the Firm's knowledge of negotiated commission rates currently available and other current transaction costs;
- Nature of the security and the available market makers;
- Desired timing of the transaction and size of trade;
- Confidentiality of trading activity;
- Market intelligence regarding trading activity;
- The quality, comprehensiveness and accuracy of research services 11 Capital considers of value, whether received directly from a broker or indirectly through a soft dollar or commission sharing arrangement; and
- Quality of sales trading coverage, including product knowledge, showing of flows etc.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to Clients by brokers-dealers may be higher than those charged by other brokers-dealers that may not offer such services.

11 Capital will maintain a Brokerage Committee that will periodically meet to review the quality of the Firm's execution and various trading matters.

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11 Capital expects to initially execute its trading program with a consolidated list of broker-dealers.

### **1. Research and Other Soft Dollar Arrangements**

11 Capital uses “soft dollars” to obtain brokerage and research services within the meaning of Section 28(e) of the Exchange Act (“*Section 28(e)*”). Any soft dollar transactions are expected to fall within the safe harbor provided by Section 28(e). The services furnished by a broker-dealer pursuant to soft dollar transactions for one Client are expected to benefit 11 Capital and its affiliates in rendering investment management services to other Clients. Research products or services within the scope of Section 28(e) typically include research reports, market data, trading software (*e.g.*, an order management system), discussions with research analysts and expert network consultants, meetings with corporate executives, software that provides for analysis of securities and certain publications. Brokerage services generally include activities related to executing securities transactions.

In some instances, 11 Capital may receive a product or service that may be used only partially for functions covered by Section 28(e) (*e.g.*, an order management system, trade analytical software or proxy services). In such instances, 11 Capital will make a good faith effort to determine the relative portion of the product or service used to assist 11 Capital in carrying out its investment decision-making responsibilities with respect to the Clients and the relative portion used for administrative or other purposes not covered by Section 28(e). The portion of the product or service attributable to assisting 11 Capital in carrying out its investment decision-making responsibilities with respect to the Clients, as applicable, will be paid through brokerage commissions generated by transactions on behalf of the Clients, and the portion attributable to administrative or other purposes not covered by Section 28(e) is expected to be paid by 11 Capital from its own resources, and/or the Clients.

To the extent that 11 Capital uses “full service brokers” which provide research and other services to 11 Capital and the commission (or markups or markdowns) associated with such services is greater than would otherwise be obtained using available floor brokers or electronic brokers, such commission could be deemed to comprise soft dollar arrangements. 11 Capital has also entered into “commission sharing arrangements” with one or more broker-dealers. Under these arrangements, a portion of the commission is paid to that broker-dealer for execution services and the remainder of the commission is paid to other approved broker-dealers or third-party research providers for research services provided by such broker-dealers or vendors. Transactions executed under these commission sharing arrangements generate a higher commission rate than transactions executed with other broker-dealers.

When 11 Capital uses brokerage commissions (or markups or markdowns) generated by any Client to obtain research or other products or services, 11 Capital receives a benefit because it does not have to produce or pay for such products or services. While 11 Capital is obligated to seek best execution for each Client, the fact that 11 Capital can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer more favorable to 11 Capital’s interests, to the exclusion of another broker-dealer that offers business terms which are more favorable to one or more Clients.

On a periodic basis, the Brokerage Committee will evaluate the transactions executed under these arrangements to ensure that the brokerage and research services received by 11 Capital are within the safe harbor provided under Section 28(e).

## **2. Brokerage for Client Referrals**

Subject to best execution, 11 Capital considers, among other things, capital introduction with respect to Investors in selecting or recommending broker-dealers and/or prime brokers for the Clients. Even though 11 Capital does not compensate broker-dealers (including prime brokers) for such services and does not commit to allocate a particular amount of brokerage to a broker-dealer and/or prime broker in return for capital introduction services, the use of capital introduction services could create a conflict of interest when deciding which prime brokers to use.

## **3. Directed Brokerage**

11 Capital does not intend to recommend, request, or require that a Client direct 11 Capital to execute transactions through a specified broker-dealer.

### **B. Aggregating Orders for Client Accounts**

Consistent with its duty to seek the best possible execution for Clients, to the extent practicable, 11 Capital will typically seek to aggregate (or “*bunch*” or “*block*”) orders that are placed for more than one Client. Aggregated orders include: (i) one order placed on behalf of more than one Client account; and (ii) multiple orders placed on behalf of one or more Client accounts. When an aggregated order is filled in its entirety, each participating Client will participate at the average share price for the bunched order, and transaction costs shall be shared pro rata among each Client participating in the bunched order. If 11 Capital places multiple bunched orders in the same security or other investment, and such orders are executed at multiple prices during the day, the Clients will generally participate at the average price paid. Partially filled orders will generally be allocated pro rata in proportion to the original allocation but may be modified on a basis that 11 Capital deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations.

Although 11 Capital believes that bunching orders usually facilitates best execution and reduces transactional costs, it is possible that the average price received for a bunched order may be worse than the price which a Client could have received had it executed a smaller quantity of shares on its own. There may also be corresponding potential disadvantages when more than one Client simultaneously seeks to dispose of commonly held securities or other investment positions.

**Item 13**  
**Review of Accounts**

**A. Periodic Review of Client Accounts**

The Chief Investment Officer has ultimate responsibility for all investment decisions. The Chief Investment Officer regularly meets with the investment team to discuss new and existing positions held by the Clients. With the assistance of the investment team, the Chief Investment Officer continuously monitors Clients' investments, transactions, performance, and investment strategy to ensure that they conform with the investment objectives set forth in the Offering Documents and the applicable IMA.

**B. Additional Review of Client Accounts**

A review of a Client's portfolio may be triggered for a variety of reasons, including unusual activity and changes to certain risk metric controls, such as gross/net exposure, weighted-average betas, long/short exposure, industry weightings, price targets, liquidity metrics and individual stock valuations.

**C. Contents and Frequency of Account Reports to Clients**

11 Capital will provide Fund Investors with annual audited financial statements for the Funds (within 120 days after the end of each fiscal year) and Schedules K-1 with respect to each Investor's interest in the Fund. In addition, 11 Capital may provide Fund Investors with performance and other updates on a periodic basis.

In addition to the information provided to all Fund Investors as explained above, 11 Capital provides certain Fund Investors with additional information. This information may provide such Fund Investors with greater insight into the Funds' activities and possibly affect such Fund Investor's decision to request a redemption from a Fund.

11 Capital provides the Managed Account with various reporting that is more frequent and more detailed than what is provided to Fund Investors.

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

11 Capital does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

11 Capital has retained Beech Hill Securities, Inc. ("*Beech Hill*") as a placement agent for introducing potential investors to the Domestic Fund and Offshore Fund. Beech Hill receives a portion of the Management Fee and Incentive Allocation otherwise paid to 11 Capital and the Fund General Partner in connection with investors they introduced to the Domestic Fund and Offshore Fund. No portion of such compensation is borne by the Domestic Fund or Offshore Fund. 11 Capital may enter into arrangements with other placement agents for introducing potential investors to the Funds.

**Item 15**  
**Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act, 11 Capital is deemed to have custody of the assets held by the Funds. To comply with this Rule, the assets of each Fund must be held by a qualified custodian, with the exception of certain privately offered securities. In addition, 11 Capital meets its custody reporting requirements through the audit method by having the financial statements of each Fund audited annually by an independent, PCAOB-registered accounting firm. 11 Capital subsequently distributes the results of the audited financials to the Investors in each Fund within 120 days after the end of the fiscal year.

The Managed Account will receive monthly account statements directly from its qualified custodian.



**Item 16**  
**Investment Discretion**

11 Capital has full discretionary investment authority with respect to the Funds and the Managed Account, including the authority to determine which securities and investments to buy or sell and the amount of securities and investments to buy or sell, the brokers through which 11 Capital effects trades and the commission rates at which 11 Capital effects trades. Despite this broad authority, 11 Capital is committed to adhering to the investment strategy and program set forth in the applicable Offering Documents and/or applicable IMA.

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### **Item 17**

#### **Voting Client Securities**

11 Capital has the authority to vote its Clients' securities. As a result, 11 Capital has adopted proxy voting policies and procedures pursuant to and in compliance with the Advisers Act Rule 206(4)-6. 11 Capital's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "*Proxies*") in a prudent and diligent manner that will serve the applicable Client's best interests and is consistent with each Client's investment objectives.

11 Capital generally expects to vote Proxies in accordance with the recommendations of company management. However, there are many complexities to Proxies, and 11 Capital will vote against a proposal or recommendation of management if it determines that such a vote is in the best interests of its Clients.

11 Capital will process every vote it receives for U.S. and non-U.S. Proxies. Certain types of matters that are the subject of a proxy vote may require a more detailed analysis than the analysis required for some routine or uncontested matters. 11 Capital will abstain from voting or affirmatively decide not to vote if it determines, after considering a variety of factors, that abstaining or not voting is in the best interests of 11 Capital's Clients.

Conflicts of interest may arise between the interests of the Clients and 11 Capital or its affiliates. If 11 Capital determines that it may have, or be perceived to have, a conflict of interest when voting Proxies, 11 Capital will vote in accordance with its Proxy voting policies.

Investors and prospective Investors may obtain a copy of 11 Capital's Proxy voting policies and procedures and information about how 11 Capital voted a Client's proxies by contacting 11 Capital at the address or telephone number listed on the first page of this document.

**Item 18**  
**Financial Information**

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