

LIMESTONE VALUE PARTNERS, LLC

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This brochure provides information about the qualifications and business practices of Limestone Value Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 800-8001 or sdunn@limestonevp.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 Limestone Value Partners, LLC is also available at the SEC's website www.adviserinfo.sec.gov.

Limestone Value Partners, LLC is a registered investment adviser with the Securities and Exchange Commission. Registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (the "Advisers Act") does not imply any level of skill or training.

2. Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov on March 31, 2019.

Material Changes:

Limestone launched the LFFI Fund, LP on October 1, 2019. Relevant fees, methods of analysis, investment strategies, and risks have been amended throughout this document. The LFFI Fund, LP largely replaced Limestone’s separately managed accounts, which are primarily invested in fixed income securities. Limestone did manage certain separately managed account clients as of December 31, 2019 however, as of April 30, 2020, Limestone no longer manages separately managed accounts.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure can be requested by contacting us at (713) 800-8001 or sdunn@limestonevp.com

Additional information about Limestone Value Partners, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Limestone Value Partners, LLC who are registered, or are required to be registered, as investment adviser representatives of Limestone Value Partners, LLC.

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4. Advisory Business

Douglas Bradley “Brad” Dunn formed Limestone Value Partners, LLC (“Limestone”) in February 2010. Brad Dunn is the sole owner of Limestone. We provide investment management services on a discretionary basis to pooled private investment vehicles and to individual clients through separately managed accounts (the “clients”).

Funds

Currently, we serve as the investment manager to two private investment funds, HQC Fund, LP (the “HQC Fund”), a Delaware limited partnership, and LFFI Fund, LP (the “LFFI Fund”), a Delaware limited partnership, (collectively the “Funds”). DAC Value GP, LP, a Delaware limited partnership, is the general partner of the HQC Fund, LP. LFFI GP, LP, a Delaware limited partnership, is the general partner of the LFFI Fund (together with the DAC Value GP, LP, the “General Partners”).

We provide investment management services to the Funds in accordance with the investment objectives and policies set forth in each Fund’s offering memorandum. The Funds will not otherwise impose restrictions on investing in certain securities or types of securities.

Separately Managed Accounts

Separately managed account clients grant us full discretionary authority to manage their accounts. We do not tailor our advisory services to the individual needs of managed account clients. In addition to individual security analysis and portfolio management, our investment supervisory services also include periodically reporting to each client the account’s current investment holdings and performance. Other types of securities may be utilized based on client requirements or requests. Clients are permitted to impose restrictions on the investments we make.

Limestone launched the LFFI Fund on October 1, 2019. The LFFI Fund largely replaced Limestone’s separately managed accounts, which are primarily invested in fixed income securities. Limestone did manage certain separately managed account clients as of December 31, 2019 however, as of April 30, 2020, Limestone no longer manages separately managed accounts.

As of December 31, 2019, the Firm’s discretionary gross assets under management were approximately \$135,504,726.

5. Fees and Compensation

Fund – Fees

As compensation for services provided to HQC Fund, we receive monthly management fees of 0.0417% of each limited partner’s capital account balance (0.5% per annum), calculated and payable monthly in advance. As compensation for services provided to LFFI Fund, we receive management fees, calculated and payable monthly in advance at an annual rate of between .45% and .9% depending on the balance of

each investor. Management fees are non-refundable.

Fund – Expenses

The Funds bear all costs and expenses directly related to their investment program, including expenses related to proxies, underwriting and private placements; brokerage commissions; interest on debit balances or borrowings; custody fees; bank service fees; and any withholding or transfer taxes imposed on the Funds.

The Funds also bear all out-of-pocket costs of the administration of the Funds, including accounting, tax, audit, investment-related expenses (including research, and expenses associated with consultants and experts), hardware, software or other technology used to facilitate and manage the order execution of Securities or otherwise manage the Funds, legal expenses, costs of any litigation or investigation involving the Funds' activities, and costs associated with reporting and providing information to existing and prospective limited partners.

Separately Managed Accounts – Fees

We receive fees for advising separately managed accounts according to each client's investment advisory agreement. The maximum quarterly fee is equal to 0.25% and it is charged in arrears based on the net asset value of portfolio assets on the last business day of the calendar quarter (1.0% per annum). Additionally, the client is charged an annual administrative fee of \$250 per account at the beginning of each calendar year.

Separately managed account fees are negotiable in certain circumstances. Fees for the same or similar services may vary from client to client. Separately managed account fees are debited from clients' custodial accounts and the clients receive invoices detailing the calculation in their quarterly reports. The custodian does not validate the fee or its calculation. We urge clients to compare the account statements received from the custodian with the reports they receive from Limestone.

Separately managed account clients are able to terminate the advisory relationship by providing written notice. We will prorate the fees earned through the termination date and send the client an invoice for the advisory fees due.

Separately Managed Accounts – Expenses

In addition to our advisory fee shown above, the client is responsible for paying other fees associated with their account. These fees may include, but are not limited to:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission;
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund;
- custodial fees, brokerage commissions, transaction fees, and other maintenance fees charged by the custodian and/or executing broker;
- reporting fees;
- accounting and legal fees including certain tax and audit fees; and
- odd-lot differentials.

Please refer to “*Brokerage Practices*” below for additional information regarding brokerage commissions.

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

The HQC Fund General Partner is generally entitled to receive an annual performance-based profit allocation at the end of each year of 35% of each limited partner’s account’s outperformance of the S&P 500 Total Return Index, but only to the extent that such profits exceed any losses carried forward from prior years.

Separately managed account clients and the LFFI Fund do not pay performance-based fees. Because we can earn higher fees from the HQC Fund, there is a potential incentive for us to disproportionately direct investments to the Funds. However, the HQC Fund has a different investment strategy than the separately managed accounts and LFFI Fund and it does not generally invest in the same types of securities. Therefore, there is little risk that we could direct investment opportunities to the HQC Fund at the expense of the separately managed account clients or LFFI Fund. See Item 12 Brokerage Practices for additional details regarding the aggregation of securities.

7. Types of Clients

Our clients include private pooled investment vehicles and high net worth individuals to which we provide advice through separately managed accounts.

Investors in the Funds must be “accredited investors,” as defined under the U.S. Securities Act of 1933. Investment in the Funds are offered to eligible investors by means of a private placement memorandum and requires a minimum investment of \$1,000,000 to invest in the HQC Fund, and a minimum investment of \$2,000,000 to invest in the LFFI Fund. However, the General Partners have the sole discretion to waive the minimum investment requirement.

To open a separately managed account, clients must invest a minimum of \$1,000,000. However, we have the discretion to waive the minimum investment requirement in our sole discretion.

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

Analysis:

We are a fundamental, research-intensive, opportunistic value investor focused primarily on long and short investments in public securities. We rely on our own independent research to execute the investment strategy and to evaluate each investment. We also rely on publicly available data disclosed by issuers (10K, Proxy, 10Q, investor presentations), interviews with issuers and third-party data such as sell side research, Bloomberg, financial periodicals and investment newsletters. Finally, we also rely on certain information derived from our own operational and investment experience in several industries.

HQC Fund

Investment Strategy:

Within HQC fund, we seek to identify and invest in long and short investment opportunities that we believe exhibit significant valuation discrepancies between trading price and intrinsic value. We define the intrinsic value of an investment as the net present value of all the future cash that is expected to be distributed to the owner of such investment. Our focus on undervalued or overvalued securities is due to our belief that a well-priced purchase or short sale is often the most important factor in the success of a particular investment.

Limestone may utilize a range of investment strategies, but will primarily employ a fundamental, value-oriented strategy focused on long-term investments in securities of well-managed, high-quality businesses trading below their intrinsic value. Limestone believes high quality businesses have one or more of the following characteristics: Sustainable competitive advantages (either unique products or services and/or cost advantages), high barriers to entry, networking benefits, high switching costs, and the ability to grow revenues at attractive rates with relatively little additional capital investment. In addition to these attributes, Limestone will seek to invest in businesses with favorable long-term prospects run by exceptional management teams.

The HQC Fund employs a research-intensive, bottom-up, fundamental research process that seeks to identify, conduct due diligence on, and maintain values of a portfolio of securities it believes will outperform the S&P 500 Total Return Index over time. Limestone intends to invest in businesses it can understand and value among a wide array of industries and market capitalizations primarily in the U.S. It intends to allocate most of the HQC Fund's capital to high-quality businesses that it believes are priced to yield attractive long-term returns. Limestone may also seek to invest a smaller portion of the HQC Fund in very attractively priced lower quality businesses, fixed income securities, and short positions that it believes will outperform the S&P 500 Total Return Index over time. At a time when Limestone does not believe it can find enough of high-conviction securities to construct an adequately diversified portfolio, then the remainder of the HQC Fund's capital will be invested in index-based ETFs, primarily the S&P 500 Total Return Index. The HQC Fund will generally be fully invested in equity securities and will target low investment turnover to achieve tax-advantaged, long-term capital gains.

We intend to concentrate the HQC Fund's assets in a relatively limited number of securities with favorable risk-to-reward characteristics. Each security in the HQC Fund's portfolio is expected to have significantly higher rate of return when compared to its applicable downside risk. We will generally only invest in businesses that we believe we can understand, as well as value. Therefore, there may be many industries and securities that could offer profitable investment opportunities that we may not pursue because we do not adequately understand the investments or cannot fully determine their intrinsic value.

In general, we will focus on investments in businesses that are expected to earn higher than average returns on shareholder equity, are managed by talented, owner-oriented individuals, have favorable long-term prospects, generate relatively high levels of free cash flow and can be purchased below our estimate of their intrinsic value. We will use disciplined, fundamental research as part of its integrated top-down, bottom-up investment approach.

We will perform disciplined fundamental research on the investment ideas that meet the two criteria above and that appear, for additional reasons, to be attractive investment opportunities for the HQC Fund. The focus of this research will be to not only verify the growth and appreciation potential of each investment, but also to define the level of risk that the HQC Fund would be exposed to with the investment. This research includes, but is not limited to: (i) a review of reports and presentations issued by the company and its competitors, (ii) Wall Street research; (iii) creation of earnings models to assist in determining intrinsic value; and (iv) discussions with key suppliers, customers, competitors and the company's management for a more thorough understanding of the industry.

In addition, we may, from time to time, trade on the basis of relative value – buying and selling securities issued by two comparable companies or comparable securities issued by a single company. The securities involved may be trading at similar levels when the underlying financial performance of the issuers suggests that one security should have a higher value than the other. By purchasing the relatively undervalued security while selling the relatively overvalued security, a profit can be realized on a growing spread between the two securities. Alternatively, two securities may be trading at significantly different values where the underlying fundamentals may suggest that the two securities are of similar value. By purchasing a relatively undervalued security while selling a relatively overvalued security, a profit can be realized as the spread between two securities narrows.

We may also engage in various types of options and derivative security transactions for the HQC Fund, including hedging in equity and index options (both puts and calls) to reduce the risk of both short and long positions. We may invest in options when we believe that such instruments present a more favorable risk/reward profile than directly trading in the underlying security.

We will generally concentrate the HQC Fund's investments in a limited number of securities and the HQC Fund's portfolio may not always be fully diversified. We believe that diversification beyond twenty uncorrelated positions does not materially reduce risk and the dilution of effort caused by monitoring a large number of positions outweighs the benefits of excess diversification. We attempt to control risk through knowledge and analysis of each investment in the HQC Fund's portfolio. Since risk arises out of uncertainty, we attempt to minimize uncertainty through a detailed information gathering process. The amount of portfolio concentration will be correlated to our conviction in the investments then held by the HQC Fund and we may substantially increase the number of HQC Fund holdings in our discretion.

In an effort to maximize returns, we, from time to time, also employ margin leverage as a part of our investment strategy. We generally do not believe in the use of excessive margin leverage because of the potential risk of forced sales at inferior prices in the event of short-term price declines. However, in certain circumstances, we may use derivatives, including long-term equity options, in order to obtain security specific nonrecourse leverage in an effort to reduce the capital commitment to a specific investment, while potentially enhancing its returns. We may use derivatives such as put options to achieve a synthetic short position in a company without exposing the HQC Fund to the typical risks of short selling, including the possibility of unlimited loss and the risk associated with maintaining borrowed securities. We believe that, in rare cases, margin leverage will allow the HQC Fund to take advantage of value-added investment research. Leverage may also be employed to the extent that we believe the benefits substantially exceed the costs.

We invest or trade in any type of investment instrument of domestic or foreign issuers for the HQC Fund, including common stocks, closed-end funds, exchange traded funds, preferred stocks, convertible

securities, bonds, notes, warrants, rights and money market instruments. The HQC Fund's assets will, at certain times, be fully invested in securities, and at other times be held primarily in cash or cash equivalents.

Risks:

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the HQC Fund. These risk factors include only those risks Limestone believes to be material, significant or unusual and relate to particular significant investment strategies, methods of analysis or types of securities invested in by the HQC Fund. For a more detailed list of risk factors applicable to the HQC Fund, please refer to the HQC Fund's offering memorandum. Investing in securities involves a risk of loss that clients should be prepared to bear. The risks associated with the investment strategies described above include, but are not limited to the following:

Short Sales. We may enter into transactions on behalf of the HQC Fund, known as "short sales," in which the HQC Fund sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the HQC Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The HQC Fund mitigates such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the HQC Fund might have difficulty purchasing securities to meet its short sale delivery obligations and we might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but could also expose the HQC Fund to the possibility of a loss exceeding the original amount invested. Derivatives could also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the HQC Fund contracts for the purpose of making derivative investments (the "**Counterparty**"). In the event of the Counterparty's default, the HQC Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Foreign Securities. Historically our focus has been investing in U.S. securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to:

- currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the HQC Fund are maintained) and the various foreign currencies in which the HQC Fund's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another;

- differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation;
- political, social or economic instability;
- imposition of foreign income, withholding or other taxes; and
- the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, we reserve the right to borrow on behalf of the HQC Fund in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the HQC Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the HQC Fund. Also, the HQC Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires.

LFFI Fund

Investment Strategy:

Within LFFI Fund, we seek to invest in a relatively concentrated portfolio of securities that offer yields and credit spreads sufficient to compensate for the potential risks associated with the securities. The LFFI Fund's primary focus will be on U.S. fixed income securities that we believe have relatively low default risk. Inadequate credit quality cannot be offset by abnormally high coupons, specific liens, or other contractual rights; therefore, we seek to limit investments to securities it believes have relatively low default risk.

We intend to target securities where we believe credit spreads are likely to contract due to improving credit quality or because it was mispriced. We reserve the ability to invest in securities of any credit quality. We may buy securities on margin and arrange with banks, brokers and others to borrow money against a pledge of securities to employ leverage to enhance returns or for working capital purposes.

We retain broad flexibility to use various investment strategies and to invest in a wide variety of financial instruments that we believe offer the potential for income and capital appreciation with limited downside risk. We actively manage the LFFI Fund with the goal of generating both income and capital gains. We seek to purchase securities below our estimate of their intrinsic value, sell them at intrinsic value, and redeploy the capital into new undervalued opportunities. We prefer the securities of well-managed U.S. businesses that are less sensitive to economic contractions or that have financially strong equity sponsors. We will generally avoid businesses characterized by rapid change, technical complexity, opaque accounting, inadequate disclosure, and lack of reliable historical industry data. We intend to limit investments to businesses, industries, and securities that we believe we can understand and value.

We expect to allocate the LFFI Fund's assets in response to changing market, financial, economic, and political factors and events that it believes may affect the values of the LFFI Fund's investments. The allocation of the LFFI Fund's assets to different sectors and issuers will change over time, sometimes rapidly, and the LFFI Fund may invest without limit in a single sector or a small number of sectors of the fixed income universe. The LFFI Fund is not constrained by management against any index or sector. The LFFI Fund may implement short positions, including using derivative instruments, such as swaps or futures, or through short sales of instruments that are eligible investments for the LFFI Fund. Portfolio securities may be sold at any time.

From time to time, we invest on behalf of the LFFI Fund in securities that are subject to merger and acquisition transactions, a strategy known as "merger arbitrage." Generally, when these transactions are announced, the securities of the target company will trade at a discount or "spread" to the value of the consideration offered. If we determine that it is probable that the transaction will be consummated at the proposed higher price and the securities can be purchased at a significant discount to the expected value, then we may invest in the target company.

The LFFI Fund is not subject to any maturity or duration restrictions but will vary its average dollar weighted portfolio maturity and duration based on our outlook for interest rates relative to the expected value of the opportunities at different durations. We sometimes invest in longer-term bonds when we expect yields to fall and sometimes invest in shorter-term bonds when we expect yields to rise. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in yields.

Government interest rates are driven by macro-economic considerations while credit quality and default risk are typically issuer specific. The LFFI Fund's primary focus is the evaluation and pricing of issuer specific credit risk with much less emphasis on macro-economic factors and forecasting future interest rates. Therefore, the LFFI Fund will generally maintain an intermediate duration portfolio. From time to time, it is possible that we will invest in interest rate futures and options and interest rate swaps to manage the LFFI Fund's interest rate risk.

Risks:

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the LFFI Fund. These risk factors include only those risks Limestone believes to be material, significant or unusual and relate to particular significant investment strategies, methods of analysis or types of securities invested by the LFFI Fund. For a more detailed list of risk factors applicable to the LFFI Fund, please refer to the LFFI Fund's offering memorandum. Investing in securities involves a risk of loss that clients should be prepared to bear. The risks associated with the investment strategies described above include, but are not limited to the following:

Investments in Bonds, Bond funds, and Bond ETFs. The LFFI Fund may invest in bonds, bond funds and bond ETFs in the U.S. Such investments are subject to a number of risks, including:

- 1) Credit risk: the risk that the issuers of the bonds may default (fail to pay the debt that they owe on the bonds that they have issued). This risk may be minimal for investments in insured or U.S. Government bonds.
- 2) Prepayment risk: the risk that prior to the bond maturity dates, the issuers of the bonds will prepay (call) them at a time when interest rates have declined. This risk is sometimes also known as "call

risk.” Because interest rates have declined, the LFFI Fund or its underlying bond funds, as applicable, may have to reinvest the proceeds in bonds with lower interest rates, which can reduce the return. Not all bonds, however, can be prepaid.

- 3) Interest rate risk: the risk that the market value of the bonds will fluctuate as interest rates go up and down. Nearly all bond funds are subject to this type of risk, but bonds with longer maturities are more subject to this risk than bonds with shorter maturities. Because of this type of risk, bond investors may suffer losses, including those investors in insured bonds or government bonds.

These risks could affect the value of a particular investment or investments by the LFFI Fund, possibly causing the LFFI Fund’s asset value and total return to be reduced and fluctuate more than other types of investments. In addition, the LFFI Fund may invest directly, or through bond mutual funds and ETFs, in what are sometimes referred to as “junk bonds,” which are speculative investments that carry greater risks and are more susceptible to real or perceived adverse economic and competitive industry conditions than higher quality debt securities.

Closed End Mutual Funds. The LFFI Fund may invest in open and closed end mutual funds, which are registered investment companies regulated by the SEC. Mutual funds carry their own inherent risks, including the risk that the managers of the mutual fund will misdiagnose the market or the risks inherent in the market. The LFFI Fund will have no direct control over the management of any of the mutual funds in which it invests. Mutual funds reserve the right to reject purchases or delay redemptions, sometimes after the purchase decision is made. These rights may affect the LFFI Fund’s efforts to manage risk. In addition, it is possible for the value of a mutual fund to fall (or to rise more slowly than the stock market as a whole) even when stock prices in general are rising. Risk is involved in fund selection as well as in the timing of trades. Most mutual fund shares can be traded only at the end of each day, potentially exacerbating losses on days of steep overall market declines.

Leverage. The LFFI Fund may borrow funds in order to make additional investments and manage working capital, thereby increasing both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the LFFI Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the LFFI Fund and will affect the operating results of the LFFI Fund. Also, the LFFI Fund could potentially create leverage via the use of instruments such as options and other derivative instruments. The greater the total borrowings of the LFFI Fund relative to its investments in securities, the greater may be its risk of loss and possibility of gain due to market fluctuations in the values of its investments.

The banks and dealers that provide financing to the LFFI Fund may apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, money borrowed by the LFFI Fund will be subject to interest costs, which will be an expense of the LFFI Fund, and, to the extent not covered by income attributable to the investments acquired, will adversely affect the operating results of the LFFI Fund.

Separately Managed Accounts

Analysis & Investment Strategy:

Separately managed accounts are primarily invested in fixed income securities. These portfolios are designed to preserve capital and provide attractive risk-adjusted returns relative to other fixed income

investments. The portfolios generally consist of 5-30 fixed income-oriented securities with a typical duration of 0 to 7 years. Fixed income securities are actively traded to achieve total returns. They are purchased at a discount to intrinsic value and replaced with another discounted fixed income security if they reach intrinsic value. The portfolio may include or may be primarily invested in preferred stocks, bank debt, bond mutual funds, closed-end funds and/or exchange traded funds. Each security is expected to maintain ample cash flow and asset coverage under depressed economic conditions. Analysis focuses on cash flow and asset coverage, as well as management quality.

Risk of Loss:

Fixed Income Securities. Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

Fund and Separately Managed Account Risks

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situation at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions. Investing in securities involves the risk of loss of principal. Clients should be prepared to bear such loss.

Cyber Security Risk. As part of its business, Limestone processes, stores and transmits large amounts of electronic information, including information relating to the transactions and personally identifiable information of its clients. Similarly, service providers of Limestone may process, store and transmit such information. Limestone has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. 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. Network connected services provided by third parties to Limestone may be susceptible to compromise, leading to a breach of the Limestone's network. Limestone's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Limestone's information systems may cause information relating to the transactions and personally identifiable information of clients to be lost or improperly accessed, used or disclosed. Limestone may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose Limestone to civil liability as well as regulatory inquiry and/or action. While Limestone has implemented various measures to manage risks associated with cybersecurity breaches, including establishing business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which Limestone invests, which could affect their business and financial

performance, resulting in material adverse consequences for such issuers, and causing Limestone's investment in such securities to lose value.

9. Disciplinary Information

We have had no disciplinary or legal events since our establishment in 2010.

10. Other Financial Industry Activities and Affiliations

We provide investment advice to private pooled investment vehicles as well as separately managed accounts. The General Partners are our affiliates. The performance allocation paid to the General Partners creates an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

We address this potential conflict of interest by fully disclosing the relationship among the General Partners, us, and the Funds in the Funds' offering documents. Although Mr. Dunn's control of the investment adviser and the General Partners gives him heightened control and discretion over the Funds, he manages any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in the Funds' private placement memorandum. In addition, the General Partners entered into investment management arrangements with us on behalf of the Funds. While these may be interested party agreements, the material terms of the investment management arrangements are fully disclosed to all investors in the Funds prior to their investment.

11. Code of Ethics

We have adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Adviser Act. If requested, we will provide at no cost a copy of our Code of Ethics.

Our Code of Ethics contains policies and procedures that seek to ensure that all activities by our employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.

The code contains rules regarding the following:

- Client confidentiality;
- Personal trading;
- Conflicts of Interest;
- Prohibition of insider trading and acceptance of gifts outside policy limits; and
- Proper reporting of any observed or perceived violations of the Code.

Specifically, the Code of Ethics requires pre-clearance before purchasing any Reportable Security.

The principal and employees are permitted to invest in the same securities that we buy or sell for our clients' accounts. Personal securities transactions by employees raises potential conflicts of interest when

such persons trade in a security that is owned by, or considered for purchase or sale for, a client. Limestone has adopted policies and procedures designed to detect and prevent such conflicts of interest and to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients. Employees are required to obtain pre-clearance from the Chief Compliance officer or Principal prior to placing personal trades in Reportable Securities.

We may solicit managed account clients who meet the eligibility criteria of the Fund to invest a portion of their account in the Fund. In these instances, that portion of their managed account would be removed from the managed account and invested in a Fund to avoid double billing. Soliciting clients to invest in our Fund creates a conflict of interest because, in some instances, we receive higher fees from the Fund. Therefore, we only encourage clients to invest in the Fund after explaining the different investment strategies, risks and fees associated with a fund and determining that an investment in a fund is a suitable investment for the client.

The Code of Ethics also requires periodic reporting of the principal's and the employees' personal securities transactions and holdings, and requires prompt internal reporting of Code violations.

The Code is distributed to each employee at the time of hire and annually thereafter.

12. Brokerage Practices

We direct our clients' transactions to broker-dealers based on overall best execution. In selecting broker-dealers to execute transactions and evaluating the reasonableness of brokerage commissions, we consider the following: the ability to affect prompt reliable execution and favorable price; the operational efficiency with which transactions are affected, given the size and difficulty of execution; the financial strength, integrity and stability of the broker-dealer and frequency and quality of research that is available through the broker-dealer.

Limestone does not currently participate in any soft dollar arrangements and does not currently participate in any directed brokerage arrangements or select brokers based upon client referrals.

We have adopted trading policies that are intended to insure that all trades are, when necessary, allocated to our clients in a manner that fulfills our fiduciary obligations to each client and otherwise allocates securities on a basis that is fair, equitable, consistently applied, and does not unfairly discriminate against any client.

When two or more clients are simultaneously engaged in the purchase or sale of the same security, to the extent possible, the transaction will be bunched. Under such circumstances, each account in the bunched trade will receive the security at an average price and an average commission, and the purchased securities will be allocated among the clients in accordance with an equitable formula. Key policies and procedures relating to block trades include:

Orders for two or more clients are bunched only if Limestone has determined that, on an individual basis, the securities order is:

- In the best interests of each client participating in the order.

- Consistent with Limestone's duty to obtain best execution.
- Consistent with the terms of the investment advisory agreement of each participating client.

The price of the securities purchased or sold in a block transaction shall be at the average share price for all transactions of the participating clients in that security, with all transaction costs shared on a pro rata basis.

When an aggregated order is only partially filled (and there is no reasonable expectation that the entire transaction will be completed within a reasonable period), the order will be allocated among the participating clients on an objective basis and in accordance with our established policies and procedures.

13. Review of Accounts

We perform daily, weekly, monthly and other periodic reviews of the Funds' portfolios. Mr. Dunn, the principal and portfolio manager, is responsible for overseeing all of the reviews. Investors in the Funds receive monthly performance reports, quarterly letters that include commentary by Mr. Dunn and annual audited financial statements.

Separately managed accounts are monitored by Mr. Dunn on a monthly basis. Client accounts are also reviewed other than monthly based on client requests, market opportunities, or changes to client circumstances. Separately managed account clients receive quarterly performance and holdings reports from us and monthly statements from the custodian.

14. Client Referrals and Other Compensation

Some of our clients were referred by Charles Schwab & Co., Inc. through the Schwab Advisor NetworkTM. Charles Schwab & Co., Inc. is a broker-dealer. We pay Charles Schwab & Co., Inc. a fee on all referred clients' accounts that are held in custody at Charles Schwab & Co., Inc. The fee is a percentage of the value of the assets in the client's account and is paid to Charles Schwab & Co., Inc. for so long as the referred client's account remains in custody at Charles Schwab & Co., Inc. We do not receive any new client referrals from Charles Schwab & Co., Inc.

15. Custody

We are deemed to have custody of client assets under Rule 206(4)-2 of the Advisers Act because we have the authority to deduct our fees from our clients' accounts. To mitigate any potential conflicts of interests due to this arrangement, all client account assets are maintained with an independent, non-affiliated qualified custodian. Separately Managed Account clients should receive at least quarterly statements from the qualified custodian that holds and maintains investment assets. We urge Separately Managed Account clients to carefully compare the account statements received from custodians with the reports we provide.

As the Investment Manager, Limestone, and the General Partners for each Fund, have access to cash and securities in the Fund, along with the authority to perform various acts that may be deemed to result in custody, as defined under Rule 206(4)-2 of the Advisers Act.

Consistent with the requirements under the Advisers Act, the assets of the Funds are held in accounts maintained with an unaffiliated qualified custodian within the meaning of the Advisers Act. The qualified custodian maintains Fund assets in separate accounts (or in a separate customer account with records identifying the assets of the Fund in accordance with applicable custodial bank regulations).

An independent public accountant audits annually the pooled investment vehicles and the audited financial statements are distributed to the investors in the Fund within 90 days of such Funds' fiscal year end. Each investor should carefully review these statements upon receipt.

Clients will receive account statements directly from a qualified custodian at least quarterly and should carefully review those statements. We urge clients to compare the account statements received from the custodian with the reports they receive from Limestone.

16. Investment Discretion

Our investment advisory contract contains language whereby the clients grant us broad discretionary power to manage their accounts. Limestone has full discretionary authority over all assets it manages for the Fund, consistent with the investment objectives and strategy described in the confidential offering memorandum. Limestone does not provide advisory services directly to investors in the Fund.

17. Voting Client Securities

We submit proxy votes on behalf of our clients. Clients cannot direct our vote. If a material conflict of interest is identified between us and a client with respect to voting the clients' shares, we will engage an independent third-party organization to cast the vote. We keep a record of all voted proxies. Clients and investors are able to obtain a copy of our proxy voting policies and procedures and a record of how we voted the client's proxies upon request.

18. Financial Information

Limestone does not require or solicit prepayment of any fees six months or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to clients or investors.