

Coast Capital Management, LP

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This “**Brochure**” provides information about the qualifications and business practices of Coast Capital Management, LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), James Rasteh, by email at jrasteh@coastcapitalllc.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Coast Capital Management, LP is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that Coast Capital Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Coast Capital Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Since the most recent Form ADV Part 2A filed March 30, 2020, the Adviser disclosed the existence of a proprietary account that currently holds a single co-investment alongside its clients. There have been no other material changes at this time.

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Item 4: Advisory Business

Coast Capital Management, LP is a Delaware limited partnership (hereinafter “**Coast Capital**,” “**we**,” “**us**,” “**our**” or the “**Firm**”) is an affiliate of Coast Capital Fund GP, LLC is the general partner of the Onshore Fund and Master Fund and Coast Capital Management GP, LLC, the general partner of the Mercury Fund (together, the “**Fund General Partner**”). James Rasteh and Chad Tappendorf wholly own Coast Capital Management, LP and will direct the investment activities and operations of the Fund.

We serve as the investment adviser, with discretionary trading authority, to the following private pooled investment vehicles, the securities of which are offered to qualified investors on a private placement basis: Coast Capital Engaged Offshore Fund, Ltd. a Cayman Islands exempted company (the “**Offshore Fund**”); Coast Capital Engaged Fund, LP, a limited partnership (the, “**Onshore Fund**”) and Coast Capital Engaged Master Fund, LP, a limited partnership (the “**Master Fund**,” and collectively with the Onshore and Offshore Funds where applicable, the “**Engaged Fund**”); Coast Capital Mercury Fund (the “**Mercury Fund**”), a Cayman Islands exempted limited partnership; and a Separately Managed Account (the “**SMA**”). The Engaged Fund, Mercury Fund and SMA are herein collectively referred to as the “**Funds**”.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate. We do not tailor our advisory services to the individual needs of any particular Investor.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Securities Act and “qualified purchasers” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a 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.*

Our investment decisions and advice with respect to each Fund are subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents.

We do not currently participate in any Wrap Fee Programs.

We have entered into a sub-advisory agreement with M. Kingdon Offshore Master Fund L.P. to manage their privately pooled vehicles.

The Firm has regulatory assets under management of \$113,868,525, all managed on a discretionary basis.

Item 5: Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund’s offering document. A brief summary of such fees is provided below.

Management Fee

Coast Capital Management is paid an investment management fee ("**Management Fee**") ranging from 1.20% to 1.75% per annum of the net asset value of the Funds. The Management Fee is normally charged on the first day of each month, and is paid in advance based on the Fund's net asset value on the first day of the quarter.

The Investment Manager in its sole discretion, may waive or modify the Management Fee for any Investor.

Other Types of Fees or Expenses

Coast Capital and the Fund General Partner are authorized to incur and pay in the name and on behalf of the Fund all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, salaries, office equipment, computer equipment, supplies, wages, bonuses, and other employee benefits.

The Fund bears all other expenses, which include the following expenses incurred by or allocable to the Funds: legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses, including those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services; any exchange fees subject to offset by any "maker-taker fees" rebated by such exchange; fees payable to sub-advisors (if we determine that such an arrangement represents the best way to access a particular investment opportunity or a difficult to access market or otherwise makes available specialized investment expertise to the Fund); fees and expenses (including travel expenses) related to research, market data and the due diligence, analysis, purchase or sale of investments, whether or not the investments are consummated; interest and fees (including commitment, structuring and underwriting fees) on margin loans, committed loan facilities, total return swaps and other indebtedness; bank service, custodial and similar fees; expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (directly or through trading affiliates); expenses associated with activist investment activities (including public relations, tender offer, and proxy solicitation, as well as fees and expenses related to filings under applicable law); third party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of the Fund and investment related activities (including any accounting, risk management, trading and administrator-like functions, and adviser and fund compliance that we perform in-house); expenses related to the investment of the Fund's assets, including but not limited to brokerage commissions, expenses relating to short sales, clearing and settlement charges, hedging expenses, dividend expenses and ticket charges; expenses related to the formation, maintenance and termination of any vehicles, including alternative investment vehicles, formed to effect or facilitate the acquisition of any investment and to provide financing for investment and expenses relating to proposed investments that are not consummated; financing costs, including interests owed on loans, if any, advanced by our affiliates; entity-level taxes and any taxes and duties payable in any jurisdiction in connection with the operation of the Fund (excluding, for the avoidance of doubt, any taxes allocable or attributable to the Investors, in the General Partner's sole discretion); fees and expenses relating to the offer and sale of Interests (including organizational fees and expenses and filing

and legal fees); Directors and Officers, Errors and Omissions or similar professional liability insurance purchased on our behalf; registration, annual and other similar fees payable by the Fund; expenses in the connection with any advisory committee or independent representative; fees and expenses incurred with our compliance with applicable ongoing regulatory requirements to the extent such requirements are imposed as a result of the organization or operation of the Fund and other ordinary and extraordinary expenses associated with the operation of the Fund and their investment activities. Notwithstanding the foregoing, Fund General Partner may specially allocate the expenses described herein in any other manner if the Fund General Partner reasonably determines, in its sole discretion, that it is equitable to do so.

To the extent that expenses to be borne by the Fund are paid by the Firm or its affiliates, the Fund will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

We and our affiliates are entitled to a performance-based compensation from each of the Fund. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

Item 7: Types of Clients

Our clients are the Funds, as described above.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Investment Objective

The success of the our investment strategy may require, among other things: (i) that we properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) that we acquire sufficient securities of such portfolio

companies at a sufficiently attractive price; (iii) that we avoid triggering anti-takeover and regulatory obstacles while aggregating our position; (iv) that management of portfolio companies and other security holders respond positively to our proposals; and (v) that the market price of a portfolio company's securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will succeed.

Successful execution of an investment strategy will depend on the cooperation of security holders and others with an interest in the portfolio company. Some security holders may have interests which diverge significantly from those of ours and some of those parties may be indifferent to the proposed changes. Moreover, securities that we believe are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate, even if our strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, there is no assurance that we will be able to realize any increase in the price of such securities.

Risk Management

Our investment program is speculative and entails potential substantial financial risks. We will focus on managing risk through the quality of our investment process and monitoring of investments. Additionally, the Firm may employ short positions which may add risk. We as a Firm do not bring on unnecessary risk without complete analysis and assessment of each potential investment.

Risk of Loss Factors

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Memorandum. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments. Each prospective Investor should carefully review the Operating Memorandum and the agreements referred to herein before deciding to invest with Coast Capital.

Equity Risk.

The market price of securities owned by us may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Fund is that the equity securities in our portfolio will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding or other taxes, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which we believe are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate.

Investment in Non-U.S. Securities.

We expect to invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, capital gains, or other income, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond our control.

Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which we may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States.

Currency Risk.

The investments that are not denominated in the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may, from time to time, take actions in respect of their currencies that could significantly affect the value of our assets denominated in those currencies or the liquidity of such investments. A foreign government may also limit the convertibility or repatriation of our currency or assets denominated in that currency. We may, but is not required to, invest in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Short Sales.

We may engage in short selling of securities, currencies or indices, including all forms of derivatives. A short sale will result in a gain if the price of the instrument sold declines sufficiently between the time of the short sale and the time at which another is purchased to replace it. A short sale will result in a loss if the price of instrument sold short increases or does not decline sufficiently to cover transaction costs. Short sales on equities may expose us to theoretically unlimited losses, due to the lack of an upper limit on the price to which an investment can rise. Any gain would be decreased and any loss would be increased by the amount of any premium or interest which us may be required to pay with respect to the borrowed instrument.

Concentration of Investments.

Although we are limited in the amount of capital that may be committed to any single industry, we may not be otherwise limited in the amount of capital that may be committed to investments in companies in any particular industry, sector or geography. As such, our assets may not be diversified and, if our assets are concentrated in a particular company, industry,

sector, geography or similar category, we would be subject to an increased risk of loss if there was a decline in the market value in any security in which we have invested a large percentage of our assets or there are adverse consequences to such industry, sector, geography or other group of companies. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.

Fixed-Income Securities.

We expect to invest in bonds or other fixed-income securities, including, without limitation, commercial paper and “higher yielding” (and, therefore, higher risk) debt securities. Such securities may be below “investment grade” and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to make timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue lower rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Corporate Debt.

Corporate debt securities are subject to the risk of the issuer’s inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

High Yield Securities.

We may make investments in “high yield” debt and preferred securities which are rated lower than investment grade by the various credit rating agencies (or in comparable non-rated securities). Securities that are rated lower than investment grade are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Original Issue Discount, Zero Coupon and Deferred Interest Rate Bonds.

We may invest in original issue discount, zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Convertible Securities.

We may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Distressed Securities.

We may invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments and the amount of any recovery may be affected by the relative security of our investment in the capital structure of the issuer. In addition, distressed investments are more likely to be challenged as fraudulent conveyances and amounts paid on the investment may be subject to avoidance as a preference under certain circumstances.

Purchasing securities or currencies to close out a short position can itself cause the price of the securities or currencies to rise further, thereby exacerbating a loss. Under adverse market conditions, we may have difficulty purchasing securities or currencies to meet our short sale delivery obligations, and may have to sell portfolio securities or currencies to raise the capital necessary to meet our short sale obligations at a time when it would be unfavorable to do so. If a request for return of borrowed securities and/or currencies occurs at a time when other short sellers of the securities and/or currencies are receiving similar requests, a "short squeeze" can occur, and we may be compelled to replace borrowed securities and/or currencies previously sold short with purchases on the open market at a disadvantageous time, possibly at prices in excess of the proceeds received in originally selling the securities and/or currencies short.

Risks Associated with Investments in Restructured Companies.

We may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to us, they involve a substantial degree of risk. Any one or all of the issuers of the securities in which we invest may not show any return for a considerable period of time, if ever. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that we will correctly evaluate the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which us invest, we may lose our entire investment or may be required to accept cash or securities with a value less than the original investment.

Risks of Derivative Instruments.

We will engage in a variety of derivative transactions. A derivative is a financial contract the market value of which depends upon, or is derived from, the value of underlying assets, reference rates or indices. Derivatives may relate to securities, commodities, currencies, currency exchange rates, interest rates, inflation rates and related indices, and include futures, non-U.S. currency contracts, swap contracts, options on securities and indices, options on futures contracts, options on swap contracts, forward contracts, contracts for differences, interest rate caps, floors and collars, repurchase or reverse repurchase agreements and other over-the-counter contracts. We may use derivatives for many purposes, including as a substitute for direct investment, as a way to adjust exposure to various securities, markets and currencies without actually having to sell existing investments and/or make new investments, and as a means to hedge other investments and to manage liquidity and excess cash.

Availability of Investment Strategies.

The success of our investment and trading activities will depend on our ability (including members of the investment team) to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the U.S. equity markets. Identification and exploitation of the investment strategies to be pursued by us involves a high degree of uncertainty. No assurance can be given that we (including members of the investment team) will be able to identify suitable investment opportunities in which to deploy all of our capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies.

Exchange Traded Funds ("ETFs").

We may invest in exchange-traded funds ("ETFs"). ETFs are hybrid investment companies that may be registered as open-end investment companies or unit investment trusts ("UITs") but possess some of the characteristics of closed-end funds. ETFs in which we may invest typically hold a portfolio of common stocks that is intended to track the price and dividend performance of a particular index. We may also invest in actively-managed ETFs. Common examples of ETFs include S&P Depositary Receipts ("SPDRs"), Vanguard ETFs and iShares, which may be purchased from the UIT or investment company issuing the securities or in the

secondary market (SPDRs, Vanguard ETFs and iShares are predominantly listed on the NYSE Arca). The market price for ETF shares may be higher or lower than the ETF's net asset value. The sale and redemption prices of ETF shares purchased from the issuer are based on the issuer's net asset value. Investments in ETFs entail certain additional risks. Investments in ETFs involve the risk that the ETF's performance may not track the performance of the index (if any) the ETF is designed to track. Unlike an index, an ETF incurs administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the ETF could create cash balances that cause the ETF's performance to deviate from the index (which remains "fully invested" at all times). Performance of an ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the ETF may occasionally differ. In addition, ETFs often use derivatives to track the performance of the relevant index and, therefore, investments in those ETFs are subject to the same derivatives risks discussed above.

Depository Receipts.

We may invest in American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") or other similar securities representing ownership of non-U.S. securities (collectively, "Depository Receipts") if issues of such Depository Receipts are available that are consistent with our investment objective. Depository Receipts generally evidence an ownership interest in a corresponding non-U.S. security on deposit with a financial institution. Transactions in Depository Receipts usually do not settle in the same currency as the underlying securities are denominated or traded. Generally, ADRs are designed for use in the U.S. securities markets and EDRs are designed for use in European securities markets. GDRs may be traded in any public or private securities markets and may represent securities held by institutions located anywhere in the world. GDRs and other types of Depository Receipts are typically issued by non-U.S. banks or trust companies, although they may be issued by U.S. financial institutions, and evidence ownership interests in a security or pool of securities issued by either a non-U.S. or a U.S. corporation.

Because the value of a Depository Receipt is dependent upon the market price of an underlying non-U.S. security, Depository Receipts are subject to most of the risks associated with investing in non-U.S. securities directly. Depository Receipts may be issued as sponsored or unsponsored programs.

Significant Positions in Securities; Regulatory Requirements.

In the event we acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, we may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens. Any such requirements may impose additional costs on us and may delay the acquisition or disposition of the securities or our ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit our ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that our position limits were aggregated with an

affiliate's position limits, affecting us and resulting restriction on our investment activities may be significant. If at any time positions managed by us were to exceed applicable position limits, we would be required to liquidate positions, which might include positions of the Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, we might have to forego or modify certain contemplated trades.

Lack of Liquidity in Markets.

The markets for many securities and other investments are thinly traded from time to time. This lack of liquidity and market depth could disadvantage us, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, U.S. and non-U.S. securities exchanges and the SEC and other regulatory authorities have authority to suspend trading in a particular security without notice.

Leverage.

We may utilize leverage in investing our assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While such use of borrowed funds increases returns if we earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if we fail to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of funds than if we were not so leveraged. Any use by us of short-term margin borrowings will result in certain additional risks to us. For example, the securities pledged to brokers to secure our margin accounts could be subject to a "margin call," pursuant to which we would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of our assets accompanied by corresponding margin calls could force us to liquidate assets quickly, and not for what we perceive to be their fair value, in order to pay off our margin debt. In addition, we may engage in certain derivative transactions which implicitly contain leverage and subject us to the same risks discussed above.

Investment in Illiquid Securities.

We do not expect to invest in private equity investments. While we expect to be highly liquid, we may invest in private or restricted securities or investments.

Assets and liabilities for which no market prices are available will generally be carried on the books of us at fair value in accordance with GAAP, unless otherwise determined by us. There is no guarantee that such valuation will represent the value that will be realized by us on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Other Instruments and Future Developments.

We may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, we may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use or which are currently not available, but which may be developed to the extent such opportunities are both consistent with our investment objective and legally permissible. Special risks may apply to our investments in the future.

Options.

We may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows us greater flexibility to tailor an option to our needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Swaps.

We may utilize swaps and other derivative transactions to some degree where it believes it will further our objectives. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose us to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. To the extent we invest in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and we take the risk of non-performance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Futures Risks.

A futures contract is an agreement to buy or sell a specific amount of a commodity, currency or financial instrument at a particular price on a stipulated future date. The price is established through an organized exchange and the contracts are exchange-traded. We may enter into futures contracts and may invest in futures contracts on, among other things, financial instruments (such as a U.S. government security or other fixed income security), individual equities ("single stock futures"), securities indices, interest rates, currencies, inflation indices, commodities and commodities indices. If we purchase a futures contract, it incurs an obligation to take delivery of a specified amount of the obligation underlying the futures contract at a specified time in the future for a specified price. If we sell a futures contract, it incurs an obligation to deliver a specified amount of the obligation underlying the futures contract at a specified time in the future for an agreed-upon price. The purchase of futures contracts can serve as a long hedge, and the sale of futures contracts can serve as a limited

short hedge. The purchase and sale of futures contracts also may be used for speculative purposes.

Investment in futures contracts involves risk.

A purchase or sale of futures contracts may result in losses in excess of the amount invested in the futures contract. If a futures contract is used for hedging, an imperfect correlation between movements in the price of the futures contract and the price of the security, currency, or other investment being hedged creates risk. Correlation is higher when the investment being hedged underlies the futures contract. Correlation is lower when the investment being hedged is different than the security, currency, or other investment underlying the futures contract, such as when a futures contract on an index of securities or commodities is used to hedge a single security or commodity, a futures contract on one security (e.g., U.S. Treasury bonds) or commodity (e.g., gold) is used to hedge a different security (e.g., a mortgage-backed security) or commodity (e.g., copper), or when a futures contract in one currency is used to hedge a security denominated in another currency.

In the event of an imperfect correlation between a futures position and the portfolio position (or anticipated position) intended to be hedged, we may realize a loss on the futures contract at the same time the Fund is realizing a loss on the portfolio position intended to be hedged. To compensate for imperfect correlations, we may purchase or sell futures contracts in a greater amount than the hedged investments if the volatility of the price of the hedged investments is historically greater than the volatility of the futures contracts. Conversely, we may purchase or sell fewer futures contracts if the volatility of the price of the hedged investments is historically less than that of the futures contract. The successful use of transactions in futures contracts and related options for hedging also depends on the direction and extent of exchange rate, interest rate, and asset price movements within a given time frame. We may purchase futures contracts (or options on them) as an anticipatory hedge against a possible increase in the price of a currency in which securities we anticipate purchasing are denominated. If we do not then invest in those securities, we may realize a loss on the futures contract that is not offset by a reduction in the price of the securities purchased.

There is no guarantee that we will be able to enter into an offsetting closing transaction for a purchased or sold futures contract, by selling or purchasing, respectively, an instrument identical to the instrument purchased or sold. In addition, under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, thereby effectively preventing liquidation of unfavorable positions. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange. If we are unable to liquidate a futures position due to the absence of a liquid secondary market or the imposition of price limits or other restrictions, it could incur substantial losses. Furthermore, we would continue to be subject to market risk with respect to the position.

When permitted by applicable law, we may trade futures contracts on non-U.S. exchanges or similar entities, which are not regulated by the CFTC and may not be subject to the same degree of regulation as the U.S. contract markets. Additional or different margin requirements as well as settlement procedures may apply to certain non-U.S. futures.

Portfolio Turnover.

We have not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in our opinion, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce our investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.

Cash and Other Investments.

We may invest all or a portion of our assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by us. We may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by us at the time of investment.

Item 9: Disciplinary Information

This Item is inapplicable.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

Coast Capital meets the definition of a commodity pool operator ("CPO") and, depending on the amount of commodity interests that we trade, we may be required to register with the CFTC and become a member of the National Futures Association ("NFA"). However, we currently plan to claim an exemption from registration pursuant to CFTC Rule 4.13(a)(3) based on our trading a de minimis level of commodity interests.

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics

Coast Capital has adopted a "Code of Ethics" that establishes the high standard of conduct that we expect of our Access Persons and procedures regarding our Access Persons' personal trading of securities. Our Access Persons are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter.

Access Persons also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

1. Access Persons must at all times place the interests of the Funds and Investors first;
2. Access Persons must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Investment Policy (described below); and
3. Access Persons should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

Access Persons are not permitted to trade single name securities, including but not limited to; equity securities, options on equities, publicly-traded bonds or other fixed income or debt investments (including derivatives), futures or commodities, without written pre-approval from the CCO. Pre-approved purchases in Employee personal accounts are subject to a minimum 60-day hold period. Access Persons are permitted to liquidate positions held at the time of employment (a "**Liquidating Trade**") subject to pre-clearance by the CCO. Access Persons are prohibited from participating in Initial Public Offerings ("**IPOs**"). Access Persons are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm's Restricted List.

Access Persons must obtain pre-approval from the CCO before: (i) making a Liquidating Trade; (ii) engaging in any outside business activities that may present a conflict with the Access Persons' duties at the Firm; or (iii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request, to be viewed on the premises.

Participation or Interest in Client Transactions

Neither we nor our related persons generally purchase any securities for our own accounts from, or sell any securities for our own accounts to, the Funds. We may solicit qualified clients to invest in a Fund. We could be considered to have recommended an investment in the Fund as suitable for a client as a result of our relationship with the Fund. We will inform each client of our relationship with a Fund prior to the client's investment, but we do not intend to advise clients as to the appropriateness of the investment and we will not receive any compensation for selling interests in a Fund (except to the extent that we receive our Management Fee and Performance Allocation from Investors).

The Investment Manager has established a proprietary investment vehicle that is a Related Fund that currently holds a single co-investment alongside some of the Funds. In the future, the Related Fund may make and dispose of additional investments, which may be the same or different than investments of those Funds and may be made or disposed of at the same time or different times than investments of those Funds.

We disclose these, and other potential conflicts of interest, to Investors in the Fund's offering documents. Offering documents are delivered to Investors prior to their investment and

Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving us, our affiliates, or the executive officers of the foregoing.

Item 12: Brokerage Practices

Coast Capital is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" as defined in the Advisers Act.

Best Execution

In selecting brokers and negotiating commission rates, we will take into account the financial stability and reputation of brokerage firms, and the research, brokerage, or other services provided by such brokers.

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm may use "**Soft Dollars**". In such cases, Soft Dollar credits, generated by the Master Fund's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Funds' expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Neither Coast Capital nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

Item 13: Review of Accounts

Our portfolio manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Funds' offering documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our investment officers.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We may also distribute other interim reports to Investors.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

We will comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary authority over the Master Fund including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The general policy is to vote all 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 in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.