

# Form ADV Part 2A: Firm Brochure

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## **Intrepid Investment Management, LLC**

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This Form ADV Part 2A (the “**Brochure**”) provides information about the qualifications and business practices of Intrepid Investment Management, LLC (the “**Advisor**” or “**Intrepid**”). The oral and written communications the Advisor provides to you, including this Brochure, serve as information for you to use to evaluate the Advisor and should be considered in your decision whether to invest in an investment vehicle advised by the Advisor. If you have any questions about the contents of this Brochure, please contact the Advisor’s Chief Compliance Officer, Christopher Winchenbaugh, at (212) 388-5020. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. Additional information about the Advisor is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Firm” and type in the name “Intrepid Investment Management, LLC”). The search results will provide you with both Parts 1 and 2A of the Advisor’s Form ADV.

## **Item 2 – Material Changes**

This is Intrepid Investment Management, LLC's amended Form ADV Part 2A. Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. This Form ADV Part 2A will be amended annually or when otherwise required. The Advisor may also update this Brochure at any time and offer to send you a copy (either by electronic means (email) or in hard copy form).

Please carefully read Items 5, 8, and 10, which describe certain fees and expenses, potential risks of loss, and potential conflicts, respectively.

If you would like another copy of this Brochure, please download it from the SEC's website as indicated on the cover of this Brochure, or you may contact the Advisor's Chief Compliance Officer, Christopher Winchenbaugh, at (212) 388-5020.

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## **Item 4 – Advisory Business**

Intrepid Investment Management, LLC is a Delaware limited liability company, (“Intrepid” or “Advisor”) which has been in business since 2015. Intrepid is 100% owned by Intrepid Financial Partners, L.L.C., (“Intrepid Financial Partners”), an independent merchant bank that specializes in energy sector transactions. Intrepid Financial Partners also owns 100% of Intrepid Partners, LLC (“Intrepid Partners” or “Advisory Business”), an affiliated SEC registered broker-dealer. The Advisor provides discretionary investment advice pursuant to the terms of investment advisory agreements to Intrepid Private Equity Fund I, L.P., a Delaware limited partnership (the “Main Fund”), Intrepid Private Equity SPV-A, L.P., a Delaware limited partnership (“SPV-A”), and Intrepid Private Equity SPV-NMP, L.P., a Delaware limited partnership (“SPV-NMP” and together with the Main Fund and SPV-A, the “Funds”). Intrepid Private Equity Fund GP, LLC, a Delaware limited liability company, (the “General Partner”) acts as general partner of the Funds. Unless and only to the extent that the context otherwise requires, references to “Intrepid” include the General Partner.

The Main Fund’s investment objective is to make privately-negotiated investments in energy-related companies (generally referred to herein as “portfolio companies”) based primarily in North America. SPV-A will generally make investments alongside the Main Fund. Investments will primarily be in equity, equity-related, debt-related, and hybrid securities (i.e., preferred securities, debt and equity instruments convertible into debt and/or equity instruments). SPV-NMP was organized for the purpose of investing alongside the Main Fund in a current investment of the Main Fund and SPV-A.

In providing investment advisory services to the Funds, the Advisor tailors its services to the Funds’ investment objectives, and investigates, originates, recommends, and structures investment opportunities for the Funds. Once investments are made, the Advisor will monitor and evaluate the investments and make recommendations regarding the timing and manner in which an investment should be sold. Investment advice is provided directly to the Funds according to their particular investment objectives. Investors in the Funds participate in the overall investment program for the applicable fund, but certain investors in the Funds may be excused or excluded from particular investments due to legal, regulatory, written investment policy or other applicable constraints as described in the limited partnership agreements of the Funds. The Funds, the General Partner or the Advisor may enter into side letters or similar agreements (“Side Letters”) with certain investors in connection with their admission to the Funds without the approval of any other investor, and which have the effect of establishing rights under or altering or supplementing the terms of the Funds’ respective Governing Documents with respect to such investors in a manner more favorable to such investors than those applicable to other investors in the Funds.

Interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements of private transactions within the United States.

The Advisor manages assets on a discretionary basis in the amount of \$179,160,000 as of March 31, 2021.Item 5 – Fees and Compensation

Intrepid provides advisory services to the Funds pursuant to investment advisory agreements (each as amended or restated from time to time, the “Advisory Agreements”). The Advisory Agreements for the Funds, along with the limited partnership agreements and/or other organizational and offering documents of the Funds (each as amended or restated from time to time, and together with the Advisory Agreements, the “Governing Documents”) set forth in detail the fee structure relevant to the Funds. Investors should refer to the Governing Documents for more detailed information regarding how Intrepid is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the Governing Documents.

### Management Fee

Pursuant to the Advisory Agreements, Intrepid receives a management fee (the “Management Fee”) for services rendered to the Funds. In general, the Management Fee payable with respect to each investor will be paid quarterly in advance at a rate of up to 2.0% per annum on such investor’s capital commitment or invested capital, as detailed in each fund’s Governing Documents, to the fund through the earlier of the expiration or termination of such fund’s commitment period or the initial payment of a management fee by a competing fund, each as described in the Governing Documents. Thereafter, the Management Fee payable with respect to each investor will be paid quarterly in advance on such investor’s invested capital at a rate of up to 2.0% per annum until the termination of such fund. The Management Fee for any Management Fee period of the Funds will be prorated for the number of days in such period, and Intrepid, in its sole discretion, may waive all or a portion of the Management Fee with respect to any investor. The Management Fee assessed for each fund is described in further detail in each fund’s Governing Documents.

The Management Fee paid by the Funds will be reduced by an amount equal to the sum of:

- any excess organizational expenses, including any placement fees (each as described in the Governing Documents) in respect of which the investors have made capital contributions
- 100% of the Funds’ share of any net break-up, topping, termination and other similar fees payable in connection with unconsummated transactions by the Funds involving portfolio investments received by the General Partner or its affiliates (“Break-Up Fees”)
- the Funds’ share of monitoring fees, directors fees paid to employees of Intrepid or certain of its principals, fees for providing management advisory services and fees for guarantees, indemnities, covenants and undertakings as they relate to portfolio investments (excluding any options or other compensation granted or paid by a portfolio company to employees of Intrepid who serve in a bona fide non-director management capacity or otherwise as an employee of such portfolio company) (collectively, “Other Fees”).

Certain fees paid to Intrepid Partners, an affiliated SEC registered broker-dealer, in conjunction with Intrepid’s financial advisory activities, will not be subject to offset against the Management Fee, including those in connection with (i) the provision of investment banking, underwriting, financial, strategic, mergers and acquisitions advisory, restructuring advisory, other advisory, due diligence, deal identification, assistance with negotiation or other advice or services with respect to portfolio investments; (ii) fees earned by Intrepid Partners in connection with capital raising or acting as a placement agent for portfolio companies, provided that no such fees will be charged on any capital invested by the Funds; (iii) any fees paid by a portfolio company to Industry Advisors, as described in the Governing Documents, and (iv) any other fees that are not expressly specified

as Other Fees or Break-Up Fees or as otherwise provided in the Funds' Governing Documents (collectively, "Financial Advisory Fees").

#### Break-Up Fees and Other Fees

Intrepid may receive Break-Up Fees, Other Fees and Financial Advisory Fees. In the case of monitoring fees, these may be payable as fixed dollar amounts or may be calculated as a percentage of EBITDA (or other similar metric). The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to Intrepid upon termination following certain milestones and where the lump-sum termination fee may be calculated as the present value of hypothetical foregone future payments and be calculated using a discount rate as low as the risk-free rate, as determined by Intrepid. In the case of transaction fees, often times these will be calculated as a percentage of the total enterprise valuation of the transaction. While 100% of the Funds' share of any net Break-Up Fees received by the General Partner or its affiliates and 100% of the Funds' share of all net Other Fees received by the General Partner and its affiliates will be offset against the Management Fees payable by investors, Financial Advisory Fees received by the General Partner or its affiliates will not be subject to any offset. The amount of Other Fees allocable to other parallel funds, competing funds, co-investment vehicles managed by the General Partner and its affiliates and other funds or accounts in which Intrepid serves as investment advisor will not result in an offset of the Management Fee payable by investors in the Funds, even if such parallel funds, competing funds, co-investment vehicles managed by the General Partner and its affiliates and other funds or accounts in which Intrepid serves as investment advisor provide for lower or no management fee offsets for the investors or participants therein. In the event Break-Up Fees are paid to Intrepid, and any such fees result in an offset of the Management Fee payable by investors as provided in the Governing Documents, such offset fees will be allocated pro rata among the Funds' investors, parallel funds, competing funds, co-investment vehicles managed by the General Partner and its affiliates and other funds or accounts in which Intrepid serves as investment advisor intending to participate in such investment.

#### Carried Interest

The General Partner of the Funds is entitled to receive performance-based compensation in respect of realized appreciation, subject to certain conditions.

#### Co-Investment Vehicles

The General Partner of the Funds, in its sole discretion, from time to time may offer certain persons, including existing investors, strategic investors or other third parties, the opportunity to co-invest in particular investments alongside the Funds, subject to certain restrictions. Please see Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below and, in particular, "Allocation of Co-Investment Opportunities" therein for further information about co-investments. Co-investment vehicles generally do not bear their share of Break-Up Fees; similarly, such co-investment vehicles generally do not bear their share of broken deal expenses for unconsummated transactions and such costs and expenses will generally be borne by the Funds. In the event Break-Up Fees, Other Fees, Financial Advisory Fees or similar expenses are payable by a co-investment vehicle, the Funds may advance such fees and expenses on behalf of the co-investment vehicle and the General Partner may, in its discretion, request

contribution from such co-investment vehicle in an amount equal to the advance. Such other fees may give rise to conflicts of interest in connection with a fund's investment activities.

### Expenses

The following is a list of expenses that are typically borne by the Funds (and indirectly by the investors in the Funds). This list is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the Governing Documents for a more extensive description of the expenses associated with an investment in such Funds.

- Travel, meal, accommodation and reasonable expenses incurred in connection with the making, monitoring and disposing of portfolio investments, including, without limitation, any financing, legal, accounting, due diligence, advisory and consulting expenses in connection therewith (including the fees and expenses of Advisors providing services for portfolio investments) and any other out-of-pocket amounts incurred with respect to portfolio investments (to the extent not reimbursed by portfolio companies or other third parties)
- Broken deal expenses
- Organizational expenses
- Expenses incurred in connection with offering co-investment opportunities
- Costs and expenses related to the organization, maintenance, or restructuring of any intermediate entity or alternative investment vehicle
- Insurance expenses
- Indemnification and other extraordinary expenses
- Brokerage commissions, prime brokerage, third-party research, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses
- Out-of-pocket expenses of any consultants, counsel (including the cost of outside legal counsel in connection with attending investment committee meetings or third-party advisory committee meetings), tax advisors, auditors, accountants, brokers, agents, valuation experts, data providers, engineers (including reservoir engineers) and other professional advisors (including the audit and certification fees and the costs of preparing, printing and distributing reports to investors) and all routine out-of-pocket administrative expenses
- Expenses and costs of Industry Advisors (as defined below)
- Expenses of preparing reports, financial statements, tax returns and Schedule K-1
- Expenses of members of third-party advisory committees
- Registration expenses
- Expenses of liquidating the Funds

- Expenses incurred in connection with the Funds' compliance with U.S. federal, state, local, non-U.S. or other law and regulation (including, without limitation, regulatory filings of the Advisor and its affiliates relating to the Funds and its activities, including reporting on and compliance with Form PF and the Foreign Account Tax Compliance Act and any comparable legislation or regulations published by any other relevant jurisdiction, and reports, disclosures, filings and notifications prepared in accordance with the Alternative Investment Fund Managers Directive)
- To the extent not paid by a corporation or its electing corporation partners, its corporation expenses (which expenses will be specially allocated solely to the electing corporation partners with an interest in such corporation)
- Taxes, fees or other governmental charges levied against the Funds
- Out-of-pocket expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provisions, and expenses associated with any meeting of the Funds' limited partners
- Costs and expenses of any lenders, investment banks and other financing sources (including interest/fees and other expenses arising out of borrowings and hedging arrangements made by the Funds)
- Expenses and costs incurred in connection with obtaining independent or third-party valuation of portfolio investments or other assets
- Expenses relating to the transfer of interests among the Funds' limited partners, to the extent not covered by the transferor and/or transferee of such interests
- Costs and expenses related to the organization, maintenance or restructuring of any intermediate entity or alternative investment vehicle used to acquire, hold or dispose of any portfolio investment or otherwise facilitating the Funds' investment activities
- Expenses related to a defaulting fund limited partner or by a withdrawing limited partner
- Management Fees

Intrepid and its personnel can also be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to the management fee offset or otherwise shared with the Funds and/or their investors. For example, airline travel or hotel stays incurred as fund expenses typically may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Intrepid personnel (and not the Funds and/or their investors) even though the cost of the underlying service is borne by the Funds and/or the portfolio companies. Intrepid, its personnel, and other related persons in certain instances may also receive discounts on products and services provided by portfolio companies and/or customers or suppliers of such portfolio companies.

#### Industry Advisors



The General Partner may retain the services of certain persons (“Industry Advisors”) who will serve as consultants regarding portfolio investments and portfolio companies. Any fees and expenses of the Industry Advisors will be determined in the sole discretion of the General Partner and will constitute a fund expense to the extent not borne by portfolio companies. Industry Advisors may have the right or may be offered the ability to invest in the Funds on a “no fee/no carry” basis or to co-invest alongside the Funds, including in those portfolio investments in which they are involved.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

As described above, the General Partner is entitled to receive performance-based compensation in respect of realized appreciation, subject to certain conditions.

Intrepid may have an incentive to favor, or take increased investment risk with respect to a fund from which it receives higher performance-based compensation (or which are subject to lower preferred return hurdles). Intrepid has policies and procedures in place to address these conflicts, including policies and procedures designed to ensure allocation of investment opportunities is done on a fair and equitable basis, taking into account each fund’s investment objectives. Additionally, the existence of performance-based compensation may create an incentive to make more speculative investments and to make different decisions regarding the timing and manner of the realization of such investments than would be made if such compensation was not allocated to Intrepid, although Intrepid generally considers performance-based compensation to better align its interests with those of the Funds’ investors. Intrepid manages this potential conflict of interest by ensuring that no single person makes material investment decisions; instead, investment decisions are made by an investment committee.

The precise amount of, and the manner and calculation of, the performance-based compensation described above are established by Intrepid through negotiations with investors in each fund, and Governing Documents of each fund include further details on such compensation and related matters.

## **Item 7 – Types of Clients**

Intrepid provides discretionary management and advisory services to the Funds directly, subject to the direction and control of the Funds’ General Partner, and not individually to the investors of the Funds. Investors in the Funds may include, but are not limited to high net worth individuals, pension plans, sovereign wealth funds, state and municipal government agencies, family offices, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities. The minimum commitment for an investor is outlined in each fund’s Governing Documents; however, Intrepid maintains discretion to accept less than the minimum investment threshold. Details concerning applicable investor suitability criteria are set forth in the Funds’ Governing Documents and subscription materials. Each investor is required to meet certain suitability qualifications, such as being an “accredited investor” as defined in Regulation D under the Securities Act of 1933 and/or “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act.

The Funds, the General Partner or the Advisor may enter into Side Letters or similar agreements with one or more investors that has the effect of establishing rights under, or altering or supplementing the terms of the Funds' Governing Documents (including, without limitation, those relating to management fees, performance fees, transparency, and withdrawals) with respect to such investor.

## **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**

### **Methods of Analysis and Investment Strategy Generally**

The following is a summary of the investment strategy and methods of analysis generally employed by Intrepid on behalf of the Funds. Investors should review the Funds' Governing Documents for more detail on the manner in which Intrepid intends to implement the Funds' investment strategy and the methods of analysis that Intrepid seeks to utilize in order to reach these objectives.

Intrepid uses a range of methods to identify, analyze and assess potential and existing investment opportunities. Generally, analytical methods used by the investment team can include: cash-flow models, other financial modeling and simulation, risk sensitivity analysis, fundamental, technical, and cyclical analysis. The Advisor may also retain consultants to evaluate certain assets.

The Funds' investment objectives are to make privately-negotiated investments in energy-related companies based primarily in North America. The Funds intend to focus on investing in companies in the following sectors: (i) oil and gas exploration and production ("Upstream"); (ii) the transportation and storage of, and infrastructure related to, oil and gas and/or oil products ("Midstream"); (iii) the refining and marketing of oil and/or refined oil products ("Downstream"); (iv) energy services and related equipment manufacturing ("Oilfield Services"); and (v) other businesses or assets determined by the Funds to be related or complementary to any of the aforementioned sectors. Investments will primarily be in equity, equity-related, debt-related and hybrid securities (i.e. debt and equity instruments convertible into debt and/or equity instruments). Intrepid anticipates that many opportunities for the Funds will be event-driven and may involve various scenarios, including mergers and acquisitions, recapitalizations, growth financings and other corporate transactions. Intrepid expects that the Funds will target a longer-term investment approach with an expected hold period for investments of five to seven years. In certain cases, potential investments may be led by a third-party partner. The investment strategies of the Funds are more fully described in the Governing Documents for the Funds.

The methods and investment strategies described above involve certain risks. Investors in the Funds should be aware that investing in the Funds involves a high degree of risk that should be considered before making any investment. The possibility of a total loss of capital will exist and investors must be prepared to bear capital losses that might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. No guarantee is made that the Funds' investment objectives will be achieved or that their strategies will be successful. In addition, there will be occasions when the General Partner or its affiliates may encounter conflicts of interest in connection with the activities of the Funds. The purchase of an interest in the Funds involves a number of additional significant

matters that should be considered before making any investment in the Funds. Investors and prospective investors should refer to the Funds' Governing Documents for more detailed information regarding the Funds, their investment strategies, and the risks associated with investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents. A summary of the principal risks is set out below.

Set forth below is a non-exhaustive list of risks (some of which may not apply to a particular fund):

- **No Assurance of Investment Return.** Intrepid cannot provide any assurance that the Funds will be successful in choosing, making and realizing investments in any particular investment or portfolio of investments. There can be no assurance that the Funds will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that any investor will receive any distribution from the Funds. Partial or complete sales, transfers or other dispositions of portfolio investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. All portfolio investments involve the risk of loss of capital. Accordingly, an investment in the Funds should only be considered by persons who can afford a loss of their entire investment.
- **Role of Investment Professionals.** The success of the Funds will depend in large part upon the skill and expertise of Intrepid's investment professionals and, as more fully discussed below, the management of portfolio companies. The financial interests of these professionals in Intrepid and the potential of carried interest should tend to discourage them from withdrawing from participation in the Funds' investment activities. However, there can be no assurance that such professionals will continue to be associated with Intrepid, the General Partner or the Advisor throughout the life of the Funds and a loss of the services of key personnel could impair Intrepid's ability to provide services to the Funds. There is ever-increasing competition among alternative asset managers, financial institutions, private equity firms and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that Intrepid personnel will not be solicited by and join competitors or other firms and/or that Intrepid will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In addition, members of the investment team will work on other projects for Intrepid. Conflicts of interest may arise in allocating management time, services or functions, and the General Partner and the Advisor and their respective affiliates' ability to access other professionals and resources within Intrepid for the benefit of the Funds as described in Governing Documents may be limited. For example, the professionals responsible for the Funds' investment activities may also have obligations and responsibilities with respect to the operation of Intrepid's separate activities through Intrepid Partners. Such access may also be limited by the internal compliance policies of Intrepid or other legal or business considerations.
- **Unspecified Investments.** Fund investors must rely upon the ability of the General Partner to identify, structure and implement portfolio investments consistent with the Funds' investment objectives and policies. The General Partner and the Advisor may be unable to find a sufficient number of attractive opportunities to meet the Funds' investment

objectives. The success of the Funds will depend on the ability of the General Partner and the Advisor to identify suitable portfolio investments, to negotiate and arrange the closing of appropriate transactions, and to arrange the timely disposition of portfolio investments.

- **Nature of Investments.** Investment in the Funds requires a long-term commitment with no certainty of return. Many of the Funds' portfolio investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize a return on such portfolio investments in a timely manner. Although the Funds' portfolio investments may occasionally generate current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will occur only upon the partial or complete disposition or refinancing of such portfolio investment. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the portfolio investment is made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell the securities of portfolio companies publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. To the extent that there is no trading market for a portfolio investment, the Funds may be unable to liquidate that portfolio investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of the Funds' portfolio investments will be found.
- **Risk of Limited number of Investments, Concentration of Investments in the Energy Sector; Competitive Market for Investment Opportunities.** The Funds may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. Other than the investment restrictions as set forth in the Governing Documents, investors have no assurance as to the degree of diversification of the Funds' portfolio investments, either by size, geographic region or transaction type. To the extent the Funds concentrate portfolio investments in a particular sector of energy-related industries, or a particular issuer, security or geographic region, their portfolio investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, the Funds' portfolio investments will be concentrated in energy-related industries. Such concentration may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns. Additionally, the Funds will be competing for investments with other investment funds, as well as individuals, companies, financial institutions and other investors. There can be no assurance that the Funds will be able to locate, complete and exit investments that satisfy the Funds' investment objectives, or realize a return upon their values, or that they will be able to fully invest their committed capital.
- **Reliance on Portfolio Company Management.** The day-to-day operations of each portfolio company will be the responsibility of the portfolio company's management team. Although the General Partner will be responsible for monitoring the performance of each portfolio company and intends to invest in companies operated by strong management,

there can be no assurance that the existing management team, or any successor, will be able to operate the company in accordance with the Funds' plans. Additionally, portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

- **Drilling, Exploration, Development Risks.** The Funds may invest in companies or projects that engage in oil and gas exploration and development, a speculative business involving a high degree of risk. Oil and gas drilling may involve unprofitable efforts, not only from dry holes, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Acquiring, developing and exploring for oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills, other environmental risks and significant cost overruns.
- **New Technology Risk.** There are currently a number of scientific research institutions (including those supported by major venture capital firms and corporations) seeking to develop disruptive technologies designed to reduce dependence upon large scale fossil fuel power generation. In the event that a disruptive technology in the power generation sector is successfully developed and implemented, the Funds' portfolio investments might be adversely affected. While the Funds' portfolio investments may benefit from such technologies, there can be no assurance that technology innovation will not favor properties of a type not held by the Funds, which would place the Funds in a competitive disadvantage and drive down the value of its assets.
- **Volatility of Commodity Prices.** The performance of certain of the Funds' portfolio investments will be substantially dependent upon prevailing prices of oil, natural gas, natural gas liquids, coal and other commodities (such as metals) and the differential between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as petroleum refining ("crack spread") and power generation ("spark spread"). Commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for such commodities; (ii) market uncertainty and the condition of various economies (including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets); (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and importation of oil, natural gas, natural gas liquids, coal or metals in certain relevant markets; (v) the foreign supply of oil, natural gas and metals; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) the price of steel and the outlook for steel production; (x) weather conditions; (xi) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (xii) the industry-wide refining

or processing capacity for oil, gas or coal; (xiii) the effect of United States and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xiv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries; (xv) the amount and character of excess electric generating capacity in a market area; (xvi) overall economic conditions; (xvii) terrorist acts; and (xviii) a variety of additional factors that are beyond the control of Intrepid or the Funds.

- **Catastrophe Risk.** The operations of energy-related companies are subject to many hazards inherent in the transporting, processing, storing, refining, distributing, mining or marketing a wide range of energy-related natural resources such as natural gas, natural gas liquids, crude oil, coal, minerals, refined petroleum products or other hydrocarbons, or in the exploring, managing or producing of such commodities, including: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, blowouts, cratering, uncontrollable flows of oil, natural gas or well fluids, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and farm equipment, leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; and fires and explosions. Any offshore sea-based operations of portfolio companies will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of their related operations. There can be no assurance that a portfolio company will be fully insured against all risks inherent to its business. If a significant accident or event occurs that is not fully insured, it could adversely affect a portfolio company's operations and financial condition. The Funds will generally seek to have portfolio companies maintain insurance coverage for their operations, but insurance coverage for environmental damages that occur over time or insurance coverage for the full potential liability that could be caused by sudden environmental damages may not be available or available at a reasonable cost, and the Funds may be subject to substantial loss in the event of certain environmental damages to a portfolio company's operations.
- **Construction Risk.** In connection with any new development project (*i.e.*, a "greenfield" project), expansion of a facility or acquisition of a facility in late-stage development, a portfolio company may also face construction risks, including, without limitation, (i) labor disputes, shortages of material and skilled labor or work stoppages, (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (iii) less than optimal coordination with public utilities in the relocation of their facilities, (iv) adverse weather conditions and unexpected construction conditions, (v) accidents or the breakdown or failure of construction equipment or processes, and (vi) catastrophic events such as explosions, fires and terrorist activities and other similar events beyond the Funds' control. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken, any of which could have an adverse effect on the Funds. Construction costs may exceed estimates for various reasons, including inaccurate engineering and planning, labor and building material costs in excess of expectations and unanticipated problems with project start-up. Delays in project completion can result in an

increase in total project construction costs through higher capitalized interest charges and additional labor and material expenses and, consequently, an increase in debt service costs and insufficient funds to complete construction. Delays may also result in adverse effects on the scheduled flow of project revenues necessary to cover the scheduled operations phase debt service costs, lost opportunities, increased operations and maintenance expenses and damage payments for late delivery. Delays in the completion of any project may result in lost opportunities or revenues or increased expenses, including higher operation and maintenance costs related to a portfolio company. Portfolio investments under development or portfolio investments acquired to be developed may generate little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced. In addition, there are risks inherent in the construction work that may give rise to claims or demands against a portfolio company from time to time.

- **Energy Regulatory Risk.** The energy sector is subject to comprehensive United States and non-U.S. federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect the Funds' portfolio investments and the prospects of the Funds. Portfolio companies may be taxed or need to purchase offsets under proposed environmental legislation in the United States and existing or proposed environmental legislation in other parts of the world, which could affect economic viability. There can be no assurance that (i) existing regulations applicable to portfolio investments generally or the portfolio companies will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to portfolio companies; (iii) the technology and equipment selected by portfolio companies to comply with current and future regulatory requirements will meet such requirements; (iv) such portfolio companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies.

Regulatory changes in a jurisdiction where a portfolio company is located may make the continued operation of the portfolio company infeasible or economically disadvantageous and any expenditure made to date by such portfolio company may be wholly or partially written off. The locations of the portfolio companies may also be subject to government exercise of eminent domain power or similar events. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred by the portfolio companies and could significantly reduce or entirely eliminate any potential revenues generated by one or more of the portfolio companies, which could materially and adversely affect returns to the Funds.

- **Regulatory Approvals.** The Funds may invest in portfolio companies it believes have obtained, or expect to obtain, all material energy-related United States and non-U.S.

federal, state, local approvals, if any, required as of the date thereof to acquire and operate their facilities. For example, in the case of oil and gas drilling, handling and transportation, such activities are extensively regulated, and statutory and regulatory requirements may include those imposed by energy, zoning, environmental, health, safety, labor and other regulatory or political authorities. In addition, the Funds may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular portfolio investments. There can be no assurance that a portfolio company will be able to (i) obtain all required regulatory approvals that it does not have at the time of the Funds' investment or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements, could prevent operation of the facility or sales to third parties or could result in fines or additional costs to a portfolio company.

- **Political and Societal Challenges.** Energy-related projects may be subject to siting requirements. Siting of energy projects is also frequently subject to regulation by applicable state, county and local authorities. For example, proposals to site an energy plant or engage in drilling activities in a particular location may be challenged by a number of parties, including non-governmental organizations ("NGOs") and special interest groups based on alleged security concerns, disturbances to natural habitats for wildlife and adverse aesthetic impacts, including the common "not in my backyard" phenomenon. Concerns can also arise regarding some of the techniques used in the extraction of shale gas in order to enhance recovery, such as the use of natural gas hydraulic fracturing (also known as "fracking"), which may require governmental permits or approvals and which have recently been the subject of heightened environmental concerns and public opposition in some jurisdictions. The failure of any portfolio company or project to receive, renew or maintain any required permits or approvals or any inability to satisfy any requirement of any permits or approvals may result in increased compliance costs, the need for additional capital expenditures or a suspension of project operations.
- **Documentation and Other Legal Risk.** Energy and energy generation and related projects are typically governed by complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It is not uncommon for energy and related assets to be exposed to a variety of other legal risks including, but not limited to, legal action from special interest groups. Special interest groups may use legal processes to seek to impede particular projects to which they are opposed.
- **Land Title Risk.** Certain portfolio companies may require large areas of land (including undersea territory) to install and operate their equipment and associated infrastructure. The rights to use the necessary land may be obtained through freehold title, easements, leases and other rights of use. In some jurisdictions it may not be possible to ascertain definitively who has the legal right to enter into land tenure arrangements with portfolio companies. In addition, the grantor's fee interests in the land which is the subject of an easement and lease are or may become subject to mortgages securing loans, other liens (such as tax liens) and other lease rights of third parties (such as leases of oil, gas, coal or other mineral rights). As a result, a portfolio company's rights under such lease or easement are or may be subject



and subordinate to the rights of third parties. If a portfolio company were to suffer the loss of all or a portion of its underlying real estate interests or equipment as a result of the rights of third parties, such portfolio company's operations and revenues may be adversely affected.

- **Financial Leverage.** The Funds' portfolio investments may include portfolio companies or projects whose capital structures have significant financial leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such portfolio investments may increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the portfolio company or its industry. The use of leverage may result in a portfolio company being subject to restrictive financial and operating covenants, including those that may prevent distributions to the Funds or limit the portfolio company's flexibility to respond to changing business and economic conditions. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service its debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company.

The General Partner may also obtain one or more revolving credit facilities at the fund level. Although use of credit facilities by the Funds has the potential to enhance overall returns, they will diminish returns (or increase losses on capital) to the extent overall returns are less than the Funds' cost of funds.

- **Non-Controlling Investments and Investments with Third Parties.** The Funds are expected to hold non-controlling interests in certain portfolio investments and, therefore, may have a limited ability to protect their positions in such portfolio investments. In such cases, the Funds will typically be significantly reliant on the existing management, board of directors and other shareholders of such companies, who may not be affiliated with the Funds and whose interests may conflict with the interests of the Funds. The Funds may also co-invest with third parties through partnerships, joint ventures or other similar arrangements. Such portfolio investments may involve risks in connection with such third-party involvement, including the possibility that a third-party partner or co-venturer may have financial difficulties, resulting in a negative impact on such portfolio investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives, or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Such third party partners may also be clients of Intrepid's Advisory Business. In addition, the Funds may in certain circumstances be liable for the actions of its third party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such portfolio investments, including incentive compensation arrangements.
- **Investments in Restructurings.** The Funds may make portfolio investments in restructurings that involve portfolio companies that are experiencing or are expected to

experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio company to become subject to bankruptcy proceedings. Such portfolio investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original portfolio investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or a similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

- **Investments in Less Established Companies.** The Funds may invest a portion of its assets in the securities of less established companies. Portfolio investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other portfolio investments.
- **Risks Relating to Due Diligence of and Conduct at Portfolio Companies.** Before making portfolio investments, the Advisor will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding a portfolio investment, the General Partner will rely on the resources available to it, including information provided by the target of the portfolio investment and, in some circumstances, third-party investigations. The due diligence investigation that the General Partner carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. Conduct occurring at portfolio companies, even activities that occurred prior to the Funds'

investment therein, could have an adverse impact on the Funds.

- **Risks in Affecting Operating Improvements.** In some cases, the success of the Funds' investment strategy will depend, in part, on the ability of the Funds to restructure and affect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.
- **Contingent Liabilities on Disposition of Portfolio Companies.** In connection with the disposition of a portfolio investment, the Funds may be required to make certain representations about the business, financial affairs and other aspects (such as environmental, property, tax, insurance, and litigation) of such portfolio investment typical of those made in connection with the sale of a business. The Funds also may be required to indemnify the purchasers of such portfolio investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves or escrow accounts. In that regard, fund limited partners may be required to return amounts distributed to them to fund certain of the Funds' obligations, including indemnity obligations, subject to certain limitations set forth in the Funds' limited partnership agreements. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each investor that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Funds.
- **Investments Longer than Term.** The Funds may make portfolio investments which may not be advantageously disposed of prior to the date the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Although the General Partner expects that portfolio investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the General Partner has a limited ability to extend the term of the Funds, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Funds, the General Partner (or the relevant liquidator) will be required to use its reasonable best efforts to reduce to cash and cash equivalent items such assets of the Funds as the General Partner or such liquidator will deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding-up and the final distribution of proceeds to the Funds' limited partners will occur.
- **Use of Derivatives and other Specialized Techniques.** Companies in the energy and power sectors often engage in derivatives transactions to insulate against changes in commodities prices, and the Funds or its portfolio investments may engage in other derivative or similar transactions. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars, bilateral agreements or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Derivative instruments may trade principally on markets organized outside the U.S. markets for such

instruments, may be illiquid, highly-volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost.

The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of portfolio companies, Intrepid or the Funds.

- **Derivatives Counterparty Risk.** The Funds and their portfolio companies will be subject to credit risk with respect to the counterparties to the derivative contracts (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) and other instruments entered into directly by the Funds or their portfolio companies. Counterparty risk is the risk that the other party in a derivative transaction will not fulfil its contractual obligation. Changes in the credit quality of the companies that serve as the counterparties to the Funds or their portfolio companies with respect to their derivative transactions will affect the value of those instruments. By using derivatives that expose the Funds or their portfolio companies to counterparties, the Funds or their portfolio companies assume the risk that their counterparties could experience financial hardships that could call into question their continued ability to perform their obligations. As a result, concentrations of such derivatives in any one counterparty would subject the Funds or their portfolio companies to an additional degree of risk with respect to defaults by such counterparty.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Funds or their portfolio companies may experience significant delays in obtaining any recovery under the derivative contract in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy, or other analogous proceeding. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the Funds or their portfolio companies are owed this fair market value in the termination of the derivative transaction and their claim is unsecured, the Funds or their portfolio companies will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying security. The Funds or their portfolio companies may obtain only a limited recovery or may obtain no recovery in such circumstances.

Some, but not all, derivatives may be cleared, in which case a central clearing counterparty stands between each buyer and seller and effectively guarantees performance of each derivative contract, to the extent of its available resources for such purpose. As a result, the counterparty risk is now shifted from bilateral risk between the parties to the individual credit risk of the central clearing counterparty. Even in such case, there can be no assurance that a clearing house, or its members, will satisfy the clearing house's obligations to the Funds or their portfolio companies. Uncleared derivatives have no such protection; each party bears the risk that its direct counterparty will default.

- **Sub-Investment Grade and Unrated Debt Obligations; Credit Risk.** The Funds may invest in debt instruments. Such debt may be unsecured and structurally or contractually

subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Such mezzanine investments generally are subject to various risks including, without limitation: (i) a subsequent characterization of an investment as a “fraudulent conveyance” under relevant creditors’ rights laws possibly resulting in the avoidance of collateral securing the investment or the cancellation of the obligation representing the investment; (ii) the recovery as a “preference” of liens perfected or payments made on account of a debt in certain periods before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called “lender liability” claims by the issuer of the obligations; and (v) environmental liabilities that may arise with respect to collateral securing the obligations.

The Funds’ investment strategies may also include investing in instruments that may include first lien loans and notes, second lien loans and notes, senior unsecured and senior subordinated notes and capital leases, each of which may be sub-investment grade debt obligations or unrated by a recognized credit rating. Portfolio investments in the sub-investment grade and unrated categories are subject to greater risk of loss of principal and interest than higher-rated instruments or debt obligations which rank behind other outstanding investments of the obligor, all or a significant portion of which, may be secured on substantially all of that obligor’s assets and may be considered to be predominantly speculative with respect to the obligor’s capacity to pay interest and repay principal. Such portfolio investments may also be considered to be subject to greater risk than those with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with non-investment grade instruments, the yields and prices of such instruments may fluctuate more than those that are higher-rated. The market for non-investment grade instruments may be smaller and less active than those that are higher-rated, which may adversely affect the prices at which these portfolio investments can be sold and result in losses to the Funds, which, in turn, could have a material adverse effect on the performance of the Funds. The Funds may also invest in debt which is not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt investments involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

The Funds’ potential debt and debt-related portfolio investments are subject to credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. Although the Funds may make investments that the General Partner believes are secured by specific collateral, the value of which may initially exceed the principal amount of such portfolio investments or the Funds’ fair value of such portfolio investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. The Funds may also invest in leveraged loans, high yield securities and other unsecured portfolio investments, each of which involves a higher degree of risk than senior secured loans.

- **Bridge Financings.** From time to time, the Funds may lend to portfolio companies on a

short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Funds.

- **Other Risks.** Other risks not previously highlighted include but are not limited to global pandemics.
- **Additional Capital.** Certain of the Funds' portfolio investments, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company and the then current state of financing markets. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. In addition, the Funds may make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial portfolio investment in such company in order to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' portfolio investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.
- **General Economic and Market Conditions.** The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' portfolio investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations). Intrepid's financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on Intrepid's business and operations and thereby could impact the Funds. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio investments to perform under or refinance their existing obligations, and impair the Funds' abilities to effectively exit portfolio investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's

capital structure. Intrepid, itself, could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. Any market turmoil, coupled with the threat of an economic slow-down, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to businesses generally, which in turn may adversely affect or restrict the ability of the Funds to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Funds.

- **General Legal, Tax and Regulatory Risks.** Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of portfolio investments held by the Funds and the ability of the Funds to effectively employ its investment and trading strategies. Increased scrutiny and proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Advisor and may divert time and attention from portfolio management activities. In addition and in particular in light of the changing global regulatory climate, the Funds may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market the Funds' interests to potential investors. The effect of any future regulatory change on the Funds could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies.
- **In-Kind Distribution Risks.** In connection with the liquidation and winding up of the Funds, certain investments of the Funds may be distributed in-kind if the General Partner determines that liquidation of any such investment might cause substantial diminution of the value of such investment. The holding of private illiquid securities distributed in kind to the Funds' limited partners may entail a significant administrative burden. In addition, the direct holding of certain investments may subject the holder to suit or taxes in states in which such investments are located. There can be no assurance that the Funds' limited partners will be able to dispose of any securities or instruments distributed in-kind or that the fair value of such securities or instruments determined by the Funds for purposes of the determination of distributions and the calculation of the General Partner's carried interest ultimately will be realized.
- **Cyber Security Breaches and Identity Theft.** Intrepid's and portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Intrepid has implemented, and portfolio companies will likely implement, various measures to manage risks relating to these types of events,

if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Intrepid, the Funds and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Intrepid's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Intrepid's, the Funds' and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- **Syndicated Co-Investments.** The Funds may make investments with the expectation of offering a portion of their interests therein as a co-investment opportunity to the Funds' limited partners and/or other third parties or otherwise allocating it or syndicating it to other parties. There can be no assurance that the Funds will be successful in syndicating such co-investment, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the syndication will take place on terms and conditions that will be preferable for the Funds or that expenses incurred by the Funds with respect to such syndication will not be substantial. In the event that the Funds are not successful in syndicating such co-investment, in whole or in part, the Funds may consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Funds that is not syndicated on the terms originally anticipated or at all could significantly reduce the Funds' overall investment returns.

## **Summary**

The descriptions of risk factors contained above are a brief overview of different risks related to Intrepid's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks that may arise in connection with the management and operations of the Funds.

Investors are recommended to review the respective fund's Governing Documents for a more complete discussion of the risk factors associated with the Funds. As a general matter, co-investors will be subject to the same types of risks as investors in the Funds.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser or the integrity of the adviser's management. Neither Intrepid nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item 9.



## **Item 10 – Other Financial Industry Activities and Affiliations**

Intrepid Partners, an affiliate of the Advisor, is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Authority. Intrepid Partners provides independent mergers & acquisitions, restructuring and other advisory services. Certain Supervised Persons (as defined below) are also registered representatives of Intrepid Partners. These individuals are subject to the policies and procedures of Intrepid Partners when engaging in transactional activities in addition to Intrepid's policies and procedures. The activities of Intrepid Partners and certain conflicts of interest associated with the Advisory Business are described in Items 5 and 11. Please see Item 5 for a discussion of Financial Advisory Fees received by Intrepid Partners, which will not result in an offset to the Management Fees payable by investors in the Funds.

Intrepid Partners does not receive commissions or any other remuneration directly related to the solicitation of investors for the Funds.

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

Pursuant to Rule 204A-1 of the Advisers Act, Intrepid has adopted a written Code of Ethics (the "Code"). The Code sets forth a standard of business conduct, is designed to address potential conflicts of interest, and is applicable to all officers, directors, members, partners or employees of Intrepid. Each new Supervised Person (as defined below) is required to read the Code and acknowledge his or her understanding of the Code in writing. In addition, all Supervised Persons must sign an acknowledgement on an annual basis as well as upon any change to the Code. A summary of the Code is provided below, and a full copy of the Code will be made available to investors upon request. Investors may obtain a copy of Intrepid's Code upon request by contacting the Advisor's Chief Compliance Officer, Christopher Winchenbaugh, at (212) 388-5020 or via email at winchenbaugh@intrepidfp.com.

Intrepid Supervised Persons are required to comply with applicable provisions of the federal securities laws and make prompt reports of any actual or suspected violations of such laws or of the Code by Intrepid or its Supervised Persons. The Code also places restrictions on personal trading activities by Access Persons, including that they pre-clear certain types of personal securities transactions. Access Persons must have clearance for all transactions involving IPOs, private placements, or energy related securities. Access Persons must also disclose their personal securities accounts, holdings and transactions to Intrepid on a periodic basis. Intrepid maintains a "Restricted List" containing the names of companies for which Intrepid or any Access Person came into contact with material nonpublic information. Any proposed personal securities transactions involving issuers on the Restricted List are prohibited. The CCO will determine when information regarding companies appearing on the Restricted list has become public and/or immaterial, or whether other circumstances may warrant companies being removed from the Restricted List.

If an Access Person recommends, buys, or sells investments for the Funds or has access to such information and also trades securities for a personal account, there may be a conflict of interest if the Access Person's personal trading influences their decisions regarding the Funds' transaction activities or if the Access Person misuses transaction information to affect personal trades. Access

Persons may directly or indirectly own an interest in the Funds or portfolio companies. The Code contains policies and procedures intended to ensure that personal securities trading activities by Access Persons are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an Access Person's position of trust and responsibility. An Access Person's duty of loyalty to the Funds prohibits misappropriating investment transaction information and/or strategies developed for use in managing the Funds' capital for use in the Access Person's personal trading activities. The Code is designed to ensure that the Funds are not disadvantaged in any respect by the transactions executed by any Access Person and Access Persons in no respect misappropriate any benefit properly belonging to the Funds.

The terms "Supervised Person" and "Access Person" are defined in the Code and in Rule 204A-1 of the Advisers Act.

### Conflicts of interest

Various potential and actual conflicts of interest may arise from the activities of the Funds, Intrepid, the General Partner, and their affiliates. The following discussion enumerates certain potential conflicts of interest, although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by the Funds. Intrepid and Intrepid Supervised Persons may in the future engage in further activities that may result in additional conflicts of interest not addressed below. If any matter arises that the General Partner and its affiliates (including the Advisor) determine in their good faith judgment constitutes an actual conflict of interest, the General Partner and its affiliates (including the Advisor) may take such actions as they determine in good faith may be necessary or appropriate to ameliorate the conflict. These actions may include, by way of example and without limitation, (i) consulting with the Investor Advisory Committee (as defined below) regarding the conflict of interest and either obtaining a waiver from the Investor Advisory Committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the Investor Advisory Committee with respect to such conflict of interest, (ii) disposing of the security giving rise to the conflict of interest; or (iii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest. There can be no assurance that Intrepid will identify or resolve all conflicts of interest in a manner that is favorable to the Funds.

**Investor Advisory Committee.** The General Partner has established an advisory committee (the "Investor Advisory Committee") consisting of certain investors in the Main Fund. No voting members of the Investor Advisory Committee are a designee or representative of, the General Partner, Intrepid, its principals or any of their respective affiliates, although an affiliate of the General Partner may serve as an observer on the Investor Advisory Committee. The purpose of the Investor Advisory Committee, generally is, among other things, (i) to review and approve or disapprove on behalf of the fund any potential conflicts of interest between the fund and the General Partner that are presented to the Investor Advisory Committee including with respect to affiliate transactions, (ii) to review any matter for which approval is required under the United States Investment Advisers Act of 1940, as amended, including Sections 205(1) and 206(3) thereof, (iii) to waive, if necessary, certain investment restrictions or other terms applicable to the fund and (iv) to provide guidance on other issues brought to the Investor Advisory Committee by the General Partner. With respect to any conflicts of interest or other matters involving SPV-A, SPV-NMP and the Main Fund, the General Partner and its affiliates may, to the extent applicable,

consult with the Investor Advisory Committee of the Main Fund, as may be required or permitted by the Main Fund limited partnership agreement. Any approvals, consents, waivers or other actions by the Investor Advisory Committee of the Main Fund will be binding with respect to any analogous matter pertaining to SPV-A and SPV-NMP.

**Financial Advisory and Other Client Relationships.** Intrepid Partners may represent potential issuers, purchasers, sellers and other involved parties with respect to investments which may be suitable for the Funds. In such a case, the respective client may require Intrepid to act exclusively on its behalf, thereby precluding the Funds from making such investment. Intrepid will be under no obligation to decline such engagements in order to make the investment opportunity available to the Funds. Further, the Funds may be limited in accumulating further positions in portfolio companies or making certain portfolio investments due to the Advisory Business activities conducted by Intrepid Partners. In certain sale or capital raising assignments, the seller or issuer may permit the Funds to act as a buyer or investor, which would raise certain conflicts of interest inherent in such a situation. Intrepid's senior professionals have long-term relationships with a significant number of corporations and their senior management. In determining whether to pursue a particular transaction on behalf of the Funds, the relationships described herein will be considered by Intrepid, and there may be certain potential transactions which will not be pursued on behalf of the Funds in view of such relationships. There can be no assurance that all potentially suitable investment, restructuring or disposition opportunities that come to the attention of Intrepid will be made available to the Funds. In addition, Intrepid may advise strategic buyers which may be in a position to compete with the Funds for an investment opportunity.

The Funds may co-invest with clients or potential clients of Intrepid in particular investment opportunities and Intrepid's financial interests and relationship with such clients could influence the decisions made by the General Partner with respect to such investments. Certain co-investors co-investing with the Funds may invest on different (and more favorable) terms to those applicable to the Funds and may have interests or requirements that conflict with and adversely impact the Funds. The Funds may participate in investments on different and potentially less favorable terms than its co-investors if Intrepid deems such participation as being otherwise in the Funds' best interests.

**Performance Allocation.** As described in Item 5, the existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based compensation. The significant commitment by Intrepid to invest in portfolio investments and the General Partner clawback obligation may not effectively mitigate this incentive. In connection therewith, the General Partner's clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments if such disposition would result in a realized loss, a return on investment that was less than the preferred return and/or the finalization of dissolution and liquidation of the Funds where a clawback obligation would be owed.

**Allocation of Personnel.** The General Partner and its affiliates will devote such time as will be necessary to conduct the business and affairs of the Funds in an appropriate manner. However, Intrepid personnel will work on other projects, and, therefore, conflicts may arise in the allocation of personnel. Conflicts of interest may arise in allocating management time, services or functions, and the General Partner and the Advisor and their respective affiliates' ability to access other professionals and resources within Intrepid for the benefit of the Funds may be limited. For

example, some of the professionals responsible for the Funds' investment activities may also have obligations and responsibilities with respect to the operation of Intrepid's separate activities through Intrepid Partners.

Intrepid personnel may also serve as members of the boards of directors of various companies other than the Funds' portfolio companies. The possibility exists that such companies could engage in transactions which would be suitable for the Funds, but in which the Funds might be unable to invest.

**Allocation of Co-Investment Opportunities.** As a general matter, the General Partner, in determining the allocation of discretionary co-investment opportunities, generally expects to take into account various facts and circumstances deemed relevant by the General Partner. Such factors are likely to include, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in co-investment opportunities with Intrepid, the size of the potential co-investor's capital commitment to the Funds, whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Intrepid, the Funds, or other co-investments and such other factors that Intrepid deems relevant under the circumstances. Co-investors bear their share of broken deal expenses for unconsummated transactions and such costs and expenses will generally be borne by the Funds. Intrepid may be incentivized to pursue larger transactions to earn fees from co-investors.

**Service Providers.** Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) to the Funds, Intrepid and/or certain entities in which the Funds have a portfolio investment may also provide goods or services to or have business, personal, financial or other relationships with Intrepid or its personnel. These relationships may influence the General Partner in deciding whether to select or recommend such a service provider to perform services for the Funds or a portfolio company (the cost of which will generally be borne directly or indirectly by the Funds or such entity, as applicable). Notwithstanding the foregoing, transactions relating to the Funds that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the General Partner believes to be of benefit to the Funds.

**Other Investment Vehicles and Advisory and/or Management Relationships.** Intrepid may sponsor, advise and/or manage investment vehicles, funds or accounts other than the Funds ("Other Intrepid Products"), including Other Intrepid Products with overlapping investment objectives, strategies and policies to those of the Funds. Such Other Intrepid Products may make investments that are similar to the Funds' portfolio investments, which may create a potential conflict of interest. Such permitted vehicles include, without limitation, (i) investment funds or accounts focusing on geographic regions outside of North America; (ii) hedge funds or other vehicles or accounts, including those focusing on liquid securities or instruments; (iii) funds or accounts focusing on open market purchases of investments or minority-interests; and (iv) funds or accounts focusing on investments which are, with respect to the Funds, precluded or limited pursuant to the terms of the Funds' limited partnership agreements or applicable legal, tax, regulatory, accounting or other similar considerations. In the event the Funds and any Other Intrepid Product hold different securities or instruments (including with respect to their relative seniority, and whether

such securities or instruments are purchased contemporaneously or otherwise), the General Partner and its affiliates may be presented with decisions involving various conflicts of interest.

**Agency Cross Transactions.** Intrepid may, on behalf of the Funds, make investments in private placements where Intrepid Partners is also acting as a placement agent for the issuer from which Intrepid Partners would receive fees or commissions. In such-transactions, Intrepid could have a potential conflict of interest regards to Intrepid Partners. The General Partner may cause such transactions to be affected without such prior consent (including without the consent of the Investor Advisory Committee) to the extent permitted by applicable law.

**Valuation Matters.** The fair value of all portfolio investments or of property received in exchange for any portfolio investments will be determined by the General Partner in accordance with the Funds' limited partnership agreements. Accordingly, the carrying value of a portfolio investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by the General Partner in accordance with procedures set forth in the Funds' limited partnership agreements. The valuation of portfolio investments will affect the amount and timing of the General Partner's carried interest and, under certain circumstances, the amount of Management Fees payable to the Advisor. The valuation of portfolio investments may also affect the ability of Intrepid to raise a successor fund to the Funds. As a result, there may be circumstances where the General Partner is incentivized to determine valuations that may be higher than the actual fair value of portfolio investments.

**Diverse Limited Partner Group.** The Funds' investors or limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of portfolio investments made by the Funds, the structuring or the acquisition of portfolio investments, and the timing of disposition of portfolio investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner or the Advisor, including with respect to the nature or structuring of portfolio investments, which may be more beneficial for one limited partner than for another limited partner, especially with respect to limited partners' individual tax situations. In addition, the Funds may make portfolio investments that may have a negative impact on related investments made by the limited partners in separate transactions. In selecting and structuring investments appropriate for the Funds, the General Partner and the Advisor will consider the investment and tax objectives of the Funds and their investors as a whole, not the investment, tax, or other objectives of any limited partner individually. Additionally, the General Partner may elect to exclude certain limited partners from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded limited partners will be allocated a greater proportionate interest in such investment. It is possible that the Funds or the Funds' portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with a limited partner or an affiliate of a limited partner. Such limited partners may therefore have different information about the Funds and one or more of their portfolio investments than limited partners not similarly positioned. Similarly, not all limited partners monitor their investments in vehicles such as the Funds in the same manner. For example, certain limited partners may periodically request from the General Partner information regarding the Funds and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered

to all limited partners. In such circumstances, the General Partner may provide such information to such limited partner, but just because it has provided such information upon request by one or more limited partners does not mean the General Partner will be obligated to affirmatively provide such information to all limited partners. As a result, certain limited partners may have more information about the Funds than other limited partners, and the General Partner will have no duty to ensure all limited partners seek, obtain or process the same information regarding the Funds and their investments and/or portfolio companies.

Certain limited partners will have representatives on the Investor Advisory Committee. The Investor Advisory Committee will have a role in certain matters regarding the Funds, including with respect to certain conflicts of interest, in each case as provided in the Funds' limited partnership agreements. The Funds' limited partnership agreements will provide that to the fullest extent permitted by law, (i) none of the members of the Investor Advisory Committee, nor the limited partners on behalf of whom such members act as representatives, if applicable, will owe any duties (fiduciary or otherwise) to any other limited partner in respect of the activities of the Investor Advisory Committee, other than the duty to act in good faith and (ii) in taking or omitting to take any action, a member of the Investor Advisory Committee may act solely in the interests of the limited partners which it represents, if applicable, and the same will not be deemed (in and of itself) to violate its duty of good faith. Furthermore, members of the Investor Advisory Committee may have various business and other relationships with Intrepid and its principals. The presence of these other relationships may influence their decisions as members of the Investor Advisory Committee.

## **Item 12 – Brokerage Practices**

In the event Intrepid chooses to use a broker-dealer to the extent that Intrepid transacts in public securities or make other non-private equity investments (e.g., currency hedging), Intrepid seeks to obtain best execution of transactions. "Best execution" means obtaining for the Funds the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security) subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, Intrepid will consider various factors, which may include, without limitation: the reputation, experience and financial stability of the broker-dealer; the ability to maintain Intrepid's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Funds have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

Intrepid has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution (so called "soft dollar" arrangements).

### **Item 13 – Review of Accounts**

The portfolio investments of Intrepid will generally be private, illiquid and long term; accordingly, Intrepid's review of them is not directed toward a short-term decision to dispose of securities. However, Intrepid's investment team will regularly monitor portfolio investments of the Funds. All investments are reviewed and approved by an investment committee.

Intrepid will provide the Funds' investors with periodic, written reports as specified in the Funds' Governing Documents. Intrepid will generally provide investors in the Funds with capital account statements and periodic capital call and distribution notices. Intrepid will provide investors with a schedule and summary description of each portfolio investment owned by the Funds as of the end of each fiscal quarter or fiscal year, as the case may be. Each investor also receives audited financial statements for the Funds after the conclusion of the Funds' fiscal year. Intrepid will generally hold annual meetings with investors.

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

To the extent Intrepid relies on third party placement agents to introduce prospective investors to a fund, Intrepid, and not the fund, will bear the cost of any referral fees unless another arrangement is specifically agreed to with a prospective investor. Intrepid will provide appropriate disclosure about any fees or other forms of compensation related to the placement of capital, or commitment to place capital, to the fund. Such disclosure will include the placement agent's name, the relationship with Intrepid, the compensation arrangement, including a description of the compensation, any expenses paid, and any other forms of compensation.

For details regarding economic benefits provided to Intrepid and its related persons by non-clients, please see Item 5, Fees and Compensation above.

### **Item 15 – Custody**

Although Intrepid does not maintain physical custody of the Funds' assets, Intrepid expects to have access to client accounts (i.e., the Funds' accounts) since an affiliate serves as the General Partner for the Funds or by virtue of having the authority to obtain possession of client funds or assets. Therefore, Intrepid is deemed to have custody of those assets under Rule 206(4)-2 of the Advisers Act (often referred to as the "Custody Rule"). Investors will not receive statements from any custodians. Instead, the Funds will be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements will be distributed to each investor. The audited financial statements will generally be prepared in accordance with GAAP and distributed after the Funds' fiscal year end. As required by the Advisers Act, Intrepid will maintain accounts, either in a Funds' name or in Intrepid's name for the benefit of the Funds, with one or more qualified custodians to hold funds and/or securities on behalf of the Funds.

## **Item 16 – Investment Discretion**

In accordance with the terms and conditions of the Funds' Governing Documents, and subject to the direction and control of the General Partner of the Funds, Intrepid will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## **Item 17 – Voting Client Securities**

Intrepid has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents, resolutions and similar instruments (collectively, “Proxies”), in a prudent and diligent manner that will serve the applicable fund's best interest and is in line with each fund's investment objectives, including where there may be material conflicts of interest in voting Proxies. The Funds' investors cannot direct votes cast on behalf of the Funds.

In the event that there is or may be a conflict of interest in voting Proxies, Intrepid will disclose and discuss such conflicts with the Investor Advisory Committee.

A copy of Intrepid's proxy voting policies and procedures and/or its proxy voting record will be made available to investors upon request by contacting the Advisor's Chief Compliance Officer, Christopher Winchenbaugh at (212) 388-5020 or via email at [winchenbaugh@intrepidfp.com](mailto:winchenbaugh@intrepidfp.com).

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain disclosures about their financial condition. Intrepid has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State Registered Advisors**

**This item is not applicable as Intrepid is not registered in any state.**