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Part 2A of Form ADV: Firm Brochure

August 30, 2021

This brochure provides information about the qualifications and business practices of Esplanade Capital LLC (“Esplanade”). If you have any questions about the contents of this brochure, please contact the President and Chief Compliance Officer at 617.502.9930 or shawn@esplanadecapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Any reference to Esplanade as a “registered investment adviser” or as being “registered” does not imply any level of skill or training.

This document is not an advertisement for the advisory services of Esplanade, nor an offer to sell, or the solicitation of an offer to purchase any securities.

Item 2: Material Changes

This brochure dated August 30, 2021, is our initial application for registration as an investment adviser with the SEC. Because this is our first brochure, we have no material changes to disclose.

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Item 4: Advisory Business

Esplanade Capital LLC (“Esplanade”) was founded in 1999 and is organized as a Delaware limited liability company. Esplanade is principally owned by Shawn Kravetz, President.

Esplanade provides discretionary investment advisory services to privately offered pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended, organized by Esplanade or an affiliate (referred to as the “Esplanade Funds”). Esplanade also provides advisory services to two unaffiliated privately offered pooled investment vehicles in a sub-advisor capacity pursuant to an investment management agreement. The Esplanade Funds and the sub-advised vehicles are collectively referred to as “Funds” throughout this brochure.

Esplanade manages the Funds in a manner consistent with the investment strategy described in the Funds’ offering documents and/or investment management agreement. Esplanade does not provide specifically tailored advice to investors in the Funds. Any investment restrictions applicable to the Funds are set forth in the organization or offering documents of each respective fund.

Esplanade also serves as investment adviser to an institutional client (separately managed account) pursuant to a Trading Agreement whereby Esplanade has discretionary authority to manage capital allocated to a trading account established by, and on behalf of, the client. All trading activity is conducted pursuant to the terms of the agreement.

The Funds and the institutional client account are collectively referred to as “clients” of Esplanade.

As of July 31, 2021, Esplanade’s regulatory assets under management were approximately \$95,525,054, all of which are managed on a discretionary basis.

Item 5: Fees and Compensation

As compensation for advisory services provided to the Esplanade Funds, Esplanade receives a management fee from each Fund, payable as set forth in each Fund’s organization or offering documents. In the event an investor makes a capital contribution to a Fund on a day other than as of the first day of a fiscal quarter, the management fee will be prorated accordingly. The management fee is not negotiable, although Esplanade retains the discretion to waive fees for one or more investors, in whole or in part, without notification to other investors.

As compensation for advisory services provided to the sub-advised funds and the institutional separately managed account, Esplanade receives an annual performance fee (incentive fee) pursuant to the terms outlined within each respective investment management agreement. Esplanade negotiates fees for any institutional or other separately managed account clients on a client-by-client basis depending upon various factors including, but not limited to, complexity of the client’s needs, assets to be placed under management, portfolio style, trading frequency and account composition.

Investors in the Esplanade Funds are also subject to performance fees as further described in Item 6 below.

Other Expenses - Esplanade Funds

In addition to the management fee, each investor in the Funds bears its allocable share of expenses associated with the operations of the Funds. These expenses include, among others, brokerage and transaction costs, clearing and settlement charges, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, costs of any liability insurance obtained on behalf of the Funds, custody fees, costs of any litigation or investigation involving Fund activities, costs of any proxy contests, indemnification expenses, consulting expenses, research expenses, costs of news and financial information relating to investment decisions or the purchase and sale of securities, travel expenses related to investments, legal and other expenses in connection with conducting due diligence and

negotiating the terms of certain investments, the fees and expenses of professionals providing services to the Funds including legal, audit, accounting, tax and administration, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes, regulatory costs, filing and license fees, the costs of reporting and providing information to investors and any extraordinary expenses.

Institutional or Other Separately Managed Account Clients

In addition to management and/or performance fees, separately managed account clients will also incur certain charges imposed by other third parties such as custodial brokers, trust companies, banks, and other financial institutions. These additional charges include, but are not limited to, securities brokerage commissions, transaction fees, redemption fees, exchange and clearing fees, data fees, short term transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF, deferred sales charges, wire transfer and electronic fund fees, technology fees and software fees.

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

In addition to the management fee, investors in the Esplanade Funds are subject to performance allocation which is payable to Esplanade or its affiliated general partner entity, depending on the Fund. In general, Esplanade or the general partner receive a share in the profits realized by the Funds. The specific calculation methodology is outlined in each Fund's organization or offering documents. Esplanade retains discretion to reduce or waive the performance allocation for one or more investors, without notification to other investors.

As previously mentioned in item 5, Esplanade's compensation for advisory services performed for the unaffiliated private funds and the institutional client account is also in the form of a performance-based fee as outlined in each respective client agreement.

Conflicts Surrounding Performance-Based Fees

The existence of performance allocation may create an incentive for Esplanade to make investments that are riskier or more speculative than would be the case if such a compensation arrangements were not in effect.

The percentage of performance allocation for which Esplanade is entitled to receive varies among client accounts which creates an incentive for Esplanade to favor a higher fee-paying client over a lower fee-paying client when allocating investment opportunities.

Esplanade's founder has invested a portion of his wealth in the Esplanade Funds. This creates an incentive for Esplanade to favor the Esplanade Funds when allocating investment opportunities and trades among client accounts.

To address these conflicts, Esplanade has developed policies and procedures which require that investment decisions be made based on the best interests of our clients, without consideration of pecuniary interests of Esplanade or its employees. Esplanade has implemented policies and procedures that govern the allocation of portfolio transactions and investment opportunities across client accounts. While there is expected to be overlap among client accounts, the accounts are not managed *pari passu*. Generally, the way portfolio transactions and investment opportunities are allocated to accounts depends upon a variety of factors including, but not limited to, how much liquidity is available within a client account, the desired position size, tax implications, the investment period of the portfolios, overall strategy or whether there are limitations or restrictions imposed on an account due to its investment mandate.

See also Item 12 – Brokerage Practices: Trade Allocation Between Client Accounts.

Item 7: Types of Clients

As noted in Item 4, Esplanade currently provides investment advisory services to private funds and one institutional separately managed account.

The Esplanade Funds are exempt from registration under Section 3(c)(1) of the Investment Company Act. The offering documents of each Esplanade Fund contain minimum amounts for investment which may be waived by Esplanade.

Minimum investment amounts for separately managed accounts are negotiated on a client-by-client basis.

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

Investment Strategy and Methods of Analysis

Esplanade Capital Partners I LLC

The investment objective of Esplanade Capital Partners I LLC is to generate strong performance and risk management, thereby maximizing total after tax returns to members. The Fund attempts to achieve its objective primarily by investing long and short in publicly traded equity securities of companies with strong business fundamentals that are either dominant market leaders or well-positioned non-leaders in attractive markets or markets that have temporarily fallen out of favor. Esplanade primarily employs a long-short equities strategy with a long bias.

The foundation for the investment strategy is fundamental research focused on a core group of issuers and industries to find uniquely positioned companies trading at significant variance to their intrinsic value.

Esplanade has certain principles that guide its investment process. Esplanade invests in businesses it understands based on its proprietary research. We expect the Fund's core positions will be primarily in issuers in the retail, consumer, education, leisure, and business services industries. These industries may change over time based on our research and assessment of market conditions. We generally invest primarily in small and mid-cap companies but will opportunistically invest in large caps when our defining investment characteristics are satisfied. Esplanade emphasizes risk mitigation and reduced volatility in the construction of the portfolio, and we use certain risk management tools to monitor the portfolio on an ongoing basis.

The Fund's investment strategy includes using leverage, from time to time, in pursuit of additional return. The Fund's portfolio is expected to be concentrated from time to time in certain sectors and in a limited number of securities based on valuations, economic and market conditions and such other factors as determined by Esplanade.

The Fund endeavors to maximize after-tax returns and is therefore sensitive to the holding period of investments. However, in certain cases, Esplanade may actively trade securities for purposes of seeking short-term profits. Such trading may result in a high portfolio turnover rate, and gains and losses may be realized at any time and in any amounts without regard to whether they are short-term or long-term. High portfolio turnover involves correspondingly greater brokerage commissions and other transactions costs, which are borne by the Fund.

Risks

An investment in the Fund is speculative and involves significant risks, including the risk of total loss of invested capital. Set forth below is a summary of risks, not intended to be all inclusive. Prospective investors should carefully review the expanded summary of risks set forth in the Fund's organization and offering documents.

Market and Investment Risks

Investment and Trading Risks. Esplanade invests substantially all the Fund's assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Fund invests have often experienced significant volatility and losses and continue to be subject to uncertainty and volatility. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Fund.

Use of Leverage. Esplanade may leverage the portfolio through margin and other debt to increase the amount of capital available for investments. Although leverage increases returns to the Members if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Members if the Fund fails to earn as much on such incremental investments as it pays for such funds. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the portfolio.

The Fund may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call" pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales. "Short sales" are sales of securities the Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease, and the Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. Esplanade may engage in short sales as part of hedging transactions or when it believes securities are overvalued. The Fund will incur a loss on a short sale if the price of the security increases prior to the time Esplanade purchases the security to replace the borrowed security.

Small Cap Issuers. A significant portion of the portfolio may be invested in small-cap issuers which present greater risks. For example, some small issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small issuers may be higher than in those of large-cap issuers.

Hedging. The Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Esplanade's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged.

Illiquid Securities. A portion of the Fund's assets may be invested in illiquid or private securities. Such securities may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such securities are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges.

Limited Diversification. Esplanade intends to concentrate the portfolio's investments in primarily in issuers in the retail, consumer, education, leisure, and business services industries. However, there are no restrictions on the investment discretion of the manager. In particular, the manager is not restricted from

investing a large portion of the assets in any one sector or investment. In addition, although the diversification of investments in a variety of securities is intended to reduce exposure to adverse events associated with specific issuers, the number of investments by the Fund may be limited. Consequently, investment in the Fund may be characterized by significantly greater volatility than an investment in a more diversified portfolio and the Fund's returns as a whole may be adversely affected by the unfavorable performance of even a single investment.

Excess Cash. The assets of the Fund may exceed the availability of investment opportunities deemed appropriate in light of market conditions, the objective of the Fund or the ability and resources of the manager to manage a portfolio beyond a given size. If an inordinately large amount of the assets are held in cash or similarly liquid forms, the performance of the Fund could be adversely affected.

Counterparty Risk. Some of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss.

Derivative Investments. Derivative instruments or "derivatives" include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Esplanade from promptly liquidating unfavorable positions and subject the Fund to substantial losses.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Foreign Securities. The Fund may invest directly in securities of non-U.S. issuers. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed

circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Fund's assets denominated in that currency and thereby impact upon the Fund's total return on such assets.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a foreign company's publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation.

Currency Exposure. Certain of the assets of the Fund may be invested in securities and other investments which are denominated in currencies other than U.S. dollars (being the Partnership's base currency). Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates between such currency and U.S. dollars.

Purchasing Securities of Initial Public Offering. From time to time the Fund may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Fund to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities.

General Economic and Market Conditions. The success of the Fund's 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 Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Risks Associated With an Investment in the Fund

Dependence on Key Personnel. If Mr. Kravetz ceases to be responsible for management of the Fund's portfolio, such event will have a material adverse effect on the Fund.

Company Interests are Illiquid. Because of the limitations on withdrawals and the fact that interests are not tradable, an investment in the Fund is relatively illiquid and involves a high degree of risk.

Valuation. Valuations of the Fund's securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected. Certain of the Fund's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the manager, which will be conclusive and binding, may affect the amount of the fees.

Investment Strategy and Methods of Analysis

Esplanade Capital Electron Partners LP

The investment objective of Electron Capital Electron Partners LP is to generate strong performance and risk management, thereby maximizing total returns to partners (also referred to as investors). The Fund attempts to achieve its objective primarily by investing long and short in publicly traded equity securities of companies in solar energy, the energy transition, and those sectors impacted by its emergence. Esplanade primarily employs a long-short equities strategy.

The foundation for the Fund's investment strategy is fundamental research focused on a core group of issuers related to energy and electricity, specifically solar, to find uniquely positioned companies trading at a significant variance to their intrinsic value.

It is anticipated that the Fund's portfolio will be concentrated in a relatively small number of securities and the issuers of such securities may only be in one or a few sectors. Accordingly, it is not expected that the Fund will maintain a diversified portfolio in all market conditions.

Esplanade (the "Investment Manager") has certain principles that guide its investment process. The Fund invests in businesses that the Investment Manager understands based on its proprietary research. The Fund invests in stocks that generally satisfy the Investment Manager's defining investment characteristics. The Fund generally expects to invest substantially in small and mid-cap companies but will opportunistically invest in large caps when its defining investment characteristics are satisfied. The Investment Manager emphasizes risk mitigation and reduced volatility in the construction of the portfolio and will use certain risk management tools to monitor the portfolio on an ongoing basis. The Investment Manager only expects to use leverage in limited circumstances.

The Fund may actively trade securities for purposes of seeking short-term profits. Such trading may result in a high portfolio turnover rate, and gains and losses may be realized at any time and in any amounts without regard to whether they are short-term or long-term. High portfolio turnover involves correspondingly greater brokerage commissions and other transactions costs, which will be borne by the Fund.

Risks

An investment in the Fund is speculative and involves significant risks, including the risk of total loss of invested capital. Set forth below is a summary of risks, not intended to be all inclusive. Prospective investors should carefully review the expanded summary of risks set forth in the Fund's organization and offering documents.

Market and Investment Risks

Investment and Trading Risks. Esplanade invests substantially all the Fund's assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Fund invests have often experienced significant volatility and losses and continue to be subject to uncertainty and volatility. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Fund.

Solar Energy. The Fund's concentration is on the solar energy and electricity market. This market may be subject to short-term volatility due to a variety of factors, including declining energy and electricity prices, weather, national and international regulatory, political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, tariff, environmental, accounting and tax regulation, consumer advocacy, other changes in government regulation, and sudden changes in supply and demand of energy prices and other factors such as market liquidity or disruption, the inability or refusal of a counterparty to perform or the insolvency or bankruptcy of a significant market participant. Issuers specializing in solar power may be adversely affected by an increase in interest rates, fluctuations in currency exchange rates, and changes in government regulation such as tax and other incentives. Furthermore, such issuers are often dependent on government support both at the local and national level, which can be subject to change and thus significantly affecting the profitability of the issuer. The Fund may be affected to a greater extent by any of these developments than would be the case with a more diversified portfolio of investments. Moreover, issuers within this market have historically shown to be subject to high volatility which could lead to greater volatility the portfolio. Although the Fund faces risks due to the volatility of the energy markets, certain of Esplanade's investment strategies rely on market volatility contributing to misperceptions which such strategies are designed to identify.

Concentration of Holdings. It is anticipated that the Fund's portfolio will be concentrated in a relatively small number of securities and the issuers of such securities may only be in one or a few sectors. Accordingly, it is not expected that the Fund will maintain a diversified portfolio in all market conditions. Moreover, there are no restrictions on the investment discretion Esplanade and Esplanade is not restricted from investing a large portion of the assets of the Fund in any one security or investment. As a consequence, the aggregate return on an investor's investment in the Partnership may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. A significant decline in the value of any security held by the Fund or any industry in which the Fund is invested could have a material adverse effect on the portfolio.

Industry Concentration and Diversification. Since the Fund's investments are concentrated within a particular industry or related group of industries (i.e., the solar energy sector), an investment in the Fund may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries.

Use of Leverage. Esplanade may leverage the portfolio through margin and other debt to increase the amount of capital available for investments. Although leverage increases returns to the Members if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Members if the Fund fails to earn as much on such incremental investments as it pays for such funds. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the portfolio.

The Fund may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call" pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in

value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales. "Short sales" are sales of securities the Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease, and the Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. Esplanade may engage in short sales as part of hedging transactions or when it believes securities are overvalued. The Fund will incur a loss on a short sale if the price of the security increases prior to the time Esplanade purchases the security to replace the borrowed security.

Small Cap Issuers. A significant portion of the portfolio may be invested in small-cap issuers which present greater risks. For example, some small issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small issuers may be higher than in those of large-cap issuers.

Excess Cash. The assets of the Fund may exceed the availability of investment opportunities deemed appropriate in light of market conditions, the objective of the Fund or the ability and resources of the manager to manage a portfolio beyond a given size. If an inordinately large amount of the assets are held in cash or similarly liquid forms, the performance of the Fund could be adversely affected.

Foreign Securities. The Fund may invest directly in securities of non-U.S. issuers. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Fund's assets denominated in that currency and thereby impact upon the Fund's total return on such assets.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a foreign company's publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including

blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation.

Hedging. The Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Esplanade's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged.

Illiquid Securities. The Fund retains the flexibility to invest a portion of the Fund's assets in illiquid or private securities and reserves the right to place any such illiquid investments it does make in a separate segregated account (as provided for in the Partnership Agreement). Such securities may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such securities are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges and such investments may be difficult to value.

Currency Exposure. Certain of the assets of the Fund may be invested in securities and other investments which are denominated in currencies other than U.S. dollars (being the Partnership's base currency). Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates between such currency and U.S. dollars.

General Economic and Market Conditions. The success of the Fund's 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 Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Counterparty Risk. Some of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss.

Purchasing Securities of Initial Public Offering. From time to time the Fund may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Fund to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities.

Derivative Investments. Derivative instruments or "derivatives" include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other

risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Esplanade from promptly liquidating unfavorable positions and subject the Fund to substantial losses.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor’s entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Risks Associated With an Investment in the Fund

Dependence on Key Personnel. If Mr. Kravetz ceases to be responsible for management of the Fund’s portfolio, such event will have a material adverse effect on the Fund.

Partnership Interests are Illiquid. Because of the limitations on withdrawals and the fact that interests are not tradable, an investment in the Fund is relatively illiquid and involves a high degree of risk.

Valuation. Valuations of the Fund’s securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected. Certain of the Fund’s investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the manager, which will be conclusive and binding, may affect the amount of the fees.

Separately Managed Accounts

In addition to the private funds, Esplanade manages a separate account for an institutional client and may manage other accounts and funds in the future. There is expected to be substantial overlap of securities that each purchase. However, the investment strategies of the Esplanade Funds, the unaffiliated private funds and the separate account are different in certain respects and will not be managed *pari passu* (refer to Item 6 and Item 12).

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's (or investor's) or a prospective client's (or prospective investor's) evaluation of Esplanade's advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Esplanade nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing.

Aside from the investment advisory and general partner relationships between Esplanade and the general partner, on the one hand, and the applicable Funds, on the other (including the associated fee arrangements discussed in Items 5 and 6 above), as well as the common control of Esplanade and the general partner, neither Esplanade nor any of its management persons has a relationship material to the business of Esplanade or the clients with any related person reportable under this Item.

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

Code of Ethics and Personal Trading

Esplanade has adopted a Code of Ethics for all employees describing its high standards of conduct and fiduciary duties to its clients. The Code includes provisions relating to the confidentiality of client and firm information, prohibitions on insider trading and market manipulation, policies and procedures regarding personal trading, and disclosure and approval requirements for gifts, business entertainment and other conflicts of interest. The Code is also designed to prevent and detect violations of securities laws.

Employees are permitted to make investments in their personal accounts, subject to certain pre-clearance and other restrictions. All transactions in reportable securities are reported to the Compliance Officer in accordance with the reporting requirements outlined in the Code.

A copy of our Code of Ethics will be provided upon request.

Conflicts of Interest

In the ordinary course of conducting its activities, the interests of Esplanade and its affiliates may conflict with those of our clients. Some of these potential conflicts, and our measures to address them, are outlined below.

Performance-Based Fees

Performance-based arrangements create an incentive for Esplanade to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. Refer to Item 6 for further explanation of how this conflict is addressed.

Adviser or its Employees Trading for Their Own Account

Investments by Esplanade or its employees, for their own accounts, in securities that are also in client accounts could, or could appear to, interfere with Esplanade's exercise of independent investment decision-making in the best interest of its clients. In addition, the timing of any trading in such securities by Esplanade or its employees could have a disadvantageous effect on the values, prices or trading strategies of client

accounts. This risk of conflict is addressed through our personal trading policy, described above in this Item 11.

Valuation

Esplanade and the general partner of the Esplanade Funds exercise supervisory authority over the valuation of the assets. Valuation methodologies for certain investments can be subjective and involve a measure of judgment by Esplanade. The portfolio valuations that we oversee affect the calculation of management fees payable to us and the performance allocation paid to our affiliate. We have a valuation policy designed to minimize this potential conflict of interest which directs us to use stock exchange pricing and other external price measures for most securities and requires us to use consistent and fair valuation criteria in circumstances where external pricing is unavailable or unreliable. In addition, our third-party fund administrator calculates the net asset value of our portfolio using pricing sources as outlined in the fund offering documents. A full reconciliation of administrator and internally gathered pricing information is performed at month end.

The Prime Broker/Custodian is responsible for valuing investments within the separately managed account which are also reviewed and reconciled at month end.

Item 12: Brokerage Practices

Selection of Brokers

Esplanade has discretion over what securities and the amount thereof to be bought and sold, the broker or dealer to be used as well as the commission rates to be paid for all client accounts. In selecting brokers or dealers to execute transactions, we are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates, and thus clients may be deemed to be paying for research, brokerage or other services provided by the broker that are included in the commission rate.

In selecting brokers and negotiating commission rates, we take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. Broker dealers, including firms that serve as prime brokers to the Esplanade Funds, from time to time, permit Esplanade to participate in capital introduction programs with respect to the Funds and/or recommend the Funds as an investment to clients. Esplanade does not select a broker or dealer as a means of remuneration for recommending the Esplanade Funds or affording Esplanade with the opportunity to participate in capital introduction programs.

Research and Other Soft Dollars

Where an investment adviser causes its clients to pay more than the lowest available commission to a broker-dealer in return for research or other non-execution products and services, the amount of such excess payment is generally referred to as "soft dollars," and the research and other products and services received in exchange for the higher commission rate are soft dollar benefits. Esplanade will use soft dollars to pay for research and brokerage services so long as such usage meets the safe harbor criteria of Section 28(e) of the Securities Exchange Act of 1934, as amended, which provides, in summary, that it is not a breach of fiduciary duty for an adviser to cause an account to pay a commission in excess of the lowest rate available if the adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. Esplanade does use soft dollars in compliance with Section 28(e).

Esplanade receives valuable proprietary research services from its broker-dealers. Consistent with its responsibility to seek best execution, Esplanade considers the value of proprietary research and related services in its broker selection process as noted above. Esplanade will determine in good faith whether the amount of the broker's commission is reasonable in relation to the value of research and brokerage services the broker provides, in the context of either a particular transaction or our overall responsibilities

to client accounts. Esplanade does not seek lower brokerage commissions to the extent that doing so might detract from the provision of such services.

By way of example, the types of proprietary research and other products and services we receive from broker-dealers as part of the services offered to their trading customers include research reports, calls with sell-side analysts, industry conferences, broker-arranged meetings with management, calls with industry specialists, and advice regarding investment opportunities, trading strategies and participation in various markets.

The use of soft dollars creates conflicts of interest. First, the use of externally-developed research, whether purchased with soft dollars or directly, supplements and may at times partially supplant, the research we perform internally. Because the Funds are responsible for both research expenses and brokerage commissions, the cost of external research is borne by the Funds rather than the adviser regardless of the means of payment. Also, the availability of external research could influence our selection of brokers and lead us to pay higher commission rates to research-providing brokers than the rates available from execution-only brokers, all in the manner we describe above.

Another potential conflict surrounding soft dollar usage arises when soft dollar credits generated by the trading of one client account are applied to obtain research benefiting different or multiple client accounts.

Trade Allocation Between Client Accounts

In addition to the Esplanade Funds, Esplanade manages unaffiliated private funds and an institutional separate account. Although there is expected to be substantial overlap of securities that each account purchases, the investment strategies and limitations and/or restrictions associated with each account are different in certain respects. As a result, we expect material differences between the portfolio holdings and trading activities of the accounts. Generally, the way portfolio transactions and investment opportunities are allocated to accounts depends upon a variety of factors including, but not limited to, how much liquidity is available within a client account, the desired position size, tax implications, the investment period of the portfolios, overall strategy or whether there are limitations or restrictions imposed on an account due to its investment mandate.

We do not expect any of the accounts to trade *pari passu* in relation to assets under management or any other measure. The Funds and the separate account often trade independently of one another, using different brokers and may often trade on different days. As a result of these considerations, the Funds and the separate account can be expected to transact in the same security at different prices and the portfolios of the Funds and separate account can be expected to have different position sizing. As a result, securities may be included in one account but not the other.

As explained in Item 6, our potential to receive incentive fees creates an incentive to favor accounts paying a higher performance fee. Management's equity interest in the Esplanade Funds also creates an incentive to favor those accounts.

Esplanade has implemented policies and procedures that govern the allocation of portfolio transactions and investment opportunities across client accounts which takes into consideration the factors above. Esplanade's intent is to treat all clients fairly and equitably.

Aggregation of Trade Orders

The securities to be purchased or sold by client accounts may be aggregated, when possible, to obtain better execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of more than once account in any one day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that Esplanade considers to be equitable given the circumstances.

Esplanade does not engage in the practice of seeking or considering client referrals from broker-dealers and does not engage in directed brokerage arrangements.

Item 13: Review of Accounts

Review of Accounts

Esplanade's portfolio manager(s) reviews the client accounts daily to monitor performance and evaluate whether the portfolios are optimized to execute upon the investment strategy and achieve the investment objectives or whether adjustments are appropriate given changing market conditions, issuer developments and current opportunities and investment ideas. Monitoring is also performed on an ongoing basis to ensure compliance with client accounts whose governing documents and/or investment management agreements include investment limitations or restrictions.

Reports to Clients and Investors

Regular reporting to investors in the Esplanade Funds generally includes monthly unaudited fund performance information, quarterly capital statements, K-1s and annual fund audited financial statements. Esplanade does not generally provide reporting to the unaffiliated private funds. The separately managed account client receives periodic reporting directly from the custodian.

Item 14: Client Referrals and Other Compensation

Esplanade has entered into agreements with third party placement agents to introduce prospective investors to the Esplanade Funds and/or to introduce potential clients who may seek to engage Esplanade for advisory services through a separately managed account. These placement agents are paid a portion of the management fee and/or performance fee as outlined in each respective agreement and are borne by Esplanade.

Item 15: Custody

Esplanade does not maintain physical possession of client funds or securities. Esplanade and its affiliated general partner entity, however, are deemed to have custody of the Esplanade Funds' assets due to the access and authority over the Funds' assets. As a result of this access and authority, Esplanade is deemed to have custody of client funds and securities within the meaning of the Advisers Act.

Consistent with the requirements for custody of client assets under the Advisers Act, the assets of the Funds, where possible, are held in accounts with a qualified custodian within the meaning of the Advisers Act. In accordance with guidance from the SEC, with respect to certain investments in privately offered securities, a specified custodian may hold only documentation relating to or referencing such investments but not the actual investment itself, and/or investments of a Fund may not be registered in the name of the custodian. Consequently, the custodian may not have control over the disposition of such investments, or the ability to direct delivery of sale proceeds or other distributions from such investments to the custodian. Further, for such investments, the custodian may not have the ability to validate or reconcile ownership of the investment with any third party, including the issuer.

In addition, annual financial statements of the Funds are prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of each Funds' fiscal year end.

For separately managed accounts, Esplanade does not take custody or physical control of the assets of the accounts. The Prime Broker / Custodian or the client shall at all times have custody and/or physical control over the assets of the account. The client has access to reports and account statements, including tax reporting, directly from the Custodian.

Item 16: Investment Discretion

Esplanade has full discretionary authority over all assets it manages for clients, consistent with the objectives and strategies described in the Funds' offering documents and/or client agreements. Esplanade does not provide advisory services directly to investors any of the private Funds.

Item 17: Voting Client Securities

Esplanade has the authority to vote proxies for securities held in the private Fund client accounts, which we exercise in accordance with our written proxy voting policies and procedure. Our policy defines procedures for voting securities for the benefit of, and in the best interest of, the clients. The objective of voting a security in each case under our policy is to seek to enhance the value of the security, or to reduce potential for a decline in the security's value. Our policy does not prescribe specific voting requirements or specific voting considerations. Instead, it provides procedures for applying the informed expertise and judgment of our investment professionals on a timely basis.

We believe that an important consideration in the framing of a proxy voting policy is the need to avoid unduly diverting resources from our primary responsibilities to add value to our clients' investments through portfolio management and client service. We do not consider it feasible or desirable to prescribe in advance comprehensive guidelines as to how we will exercise proxy voting authority in all circumstances. The primary aim of our approach to corporate governance issues is to encourage a culture of performance among the companies in which we manage investments in order to add value to our portfolios, rather than one of mere conformance with a prescriptive set of rules and constraints. In our proxy voting policy, we describe some factors we are likely to consider when approaching votes on matters where some general observations may be drawn, but the facts and circumstances of the issuer at the time of each vote ultimately guides our voting decision.

We use reasonable efforts to determine whether a potential conflict may exist with respect to voting proxies and are sensitive to conflicts of interest that may arise in the proxy decision-making process, and therefore have identified potential conflicts as part of our policies and procedures. Materiality determinations are based on an assessment of the particular facts and circumstances and in consultation with outside legal counsel, if necessary. If we determine that a material conflict of interest exists between the interests of Esplanade and our clients with respect to a particular vote, we will retain a proxy voting service, or turn to another independent third party, to determine the manner in which such vote should be cast.

Item 18: Financial Information

Esplanade is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.