

Item 1. Cover Page

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Part 2A of Form ADV
(The “Brochure”)

August 6, 2021

This Brochure provides information about the qualifications and business practices of Xtellus Advisors LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Stephen Zak at 646-527-6363 or stephen.zak@xtelluscapital.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration as a registered investment adviser does not imply a certain level of skill or training.

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

Item 2. Material Changes

There have been no material changes since the Adviser's last filing on March 10, 2021.

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Item 4. Advisory Business

Xtellus Advisors LLC (“Xtellus” or the “Adviser”) is an investment advisory firm organized as a limited liability company under the laws of the State of Delaware with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in 2021. The Adviser is wholly owned by its sole member, Xtellus Partners LLC, a Delaware limited liability company in which the principal owners are Paul Swigart and Pavel Lvov.

The Adviser provides discretionary investment advisory services to its clients, which are private pooled investment vehicles (the “Funds” or the “Clients”), which are intended for institutional and other sophisticated investors. The Adviser generally has broad and flexible investment authority with respect to the Clients’ investment portfolios. The Adviser provides investment advisory services to the Clients based on each Client’s specific investment objectives and strategies as set forth in the Client’s governing documents, which may include, among other things, a private placement memorandum, limited partnership agreement, management or investment advisory agreement, and/or subscription agreement (individually and collectively, the “Governing Documents”). The Adviser does not tailor its advisory services to the individual needs of investors in the Funds. Each Client may have investment restrictions on investing in certain securities or other assets, to the extent such securities are outside of the applicable Client’s existing investment program.

The Adviser does not participate in a wrap fee program.

As of July 31, 2021, The Adviser managed approximately \$36,104,722 in regulatory assets under management on a discretionary basis.

Item 5. Fees and Compensation

The Adviser charges Clients an investment management fee (the “Management Fee”) based on the amount of the Client’s assets under management. The Management Fee is generally payable to the Adviser quarterly and is at an annual rate of up to 2% of the value of each investor’s commitment as of the first day of the applicable quarter. The Management Fee will be prorated for any period that is less than a full quarter. Clients that pay a Management Fee in advance will be refunded a pro rata portion of the fee if the advisory relationship is terminated prior to the end of the relevant billing period.

In addition, the Clients are subject to an incentive fee or incentive allocation (collectively, the “Performance Fee”) of up to 20% of all income, gains and losses derived from portfolio investments. The Adviser or an affiliate of the Adviser is paid or allocated the Performance Fee. When calculating the Performance Fee, the Management Fee and all items of income, loss and expense incurred by the Client will be taken into account.

Such fees may be deducted directly from client accounts. Please refer to each Client’s respective Governing Documents for further information and important details related to the calculation and payment of Performance Fees and Management Fees.

The Adviser, in its sole discretion, may waive or modify the Management Fee and the Performance Fee for investors that are members, employees or affiliates of the Adviser, relatives of such persons, and for certain large or strategic investors.

Item 6. Performance-Based Fees and Side-by-Side Management

As described in Item 5 above, the Adviser has entered into performance fee arrangements with each of its

Clients. Such fees are set forth in detail in each of its Clients' Governing Documents.

Item 7. Types of Clients

As described in Item 4, the Adviser's Clients are pooled investment vehicles. The Funds limit investors to persons who are "accredited investors" as defined in the Securities Act of 1933 and "qualified purchasers" as defined in the Investment Company Act of 1940. Investors in the Adviser's Clients include a broad range of U.S.-based and non-U.S. investors, including, among others, individuals, trusts, and family offices. In addition, employees and other persons associated with the Adviser and/or its affiliates are investors in the Clients.

Determinations of whether a Client may invest in a security are based on the provisions of the applicable Funds' Governing Documents and other factors as the Adviser may consider in its sole discretion, including those that may be specified from time to time in its policies on investment allocation.

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

Each Fund has its own specific methodology, investment strategy and risk factors as set forth in the applicable Governing Documents.

Methods of Analysis and Investment Strategies

In general, the Adviser's objective is to achieve capital appreciation through investments with a focus on growth oriented private and public markets and emerging companies. The Adviser mobilizes cross-border capital seeking exposure to institutional quality investment opportunities

The Adviser has developed tools, methodologies and analytics that it believes will allow it to successfully identify and diligently execute on investment opportunities across a variety of businesses and enterprises. A typical targeted portfolio company may have, in the Adviser's opinion some or all of: (1) a high quality management team with a successful track record, (2) great products or high conviction ideas with a competitive edge in growing industries, (3) large, addressable markets or unique markets with high barriers to entry, (4) high quality collateral, (5) stable cash flow, and/or (6) other assets which offer downside protection to a Fund's investments.

Risk Factors

An investment in any Fund entails substantial risks, including, but not limited to, the possibility of a complete loss of the amount invested. There can be no assurance that the Funds' investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly, or annual basis. There can also be no assurance that a portfolio company will achieve a Fund's investment objective. Current and prospective investors should carefully consider the following factors, among others, in determining whether an investment in a Fund is suitable for them. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. There are many market-related and other factors—some of which cannot be anticipated—that could result in an investor losing a major portion or all of its investment in a Fund or co-investment or prevent a Fund from generating profits. Any of these factors could make a Fund unable to execute its investment strategy.

An investor should only invest in a Fund if they are fully able, financially and otherwise, to bear such loss, and if the investor has the background and experience to thoroughly understand the risks of its investment. The Funds are a potentially suitable investment only for sophisticated investors for whom (i) an investment

does not represent a complete investment program and (ii) in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment in the Funds.

The Funds and their limited partners bear the risk of loss that the Adviser's investment strategy entails. Although the following risk factors generally apply to all Funds and co-investments, limited partners should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. The risks involved with the Adviser's investment strategy and an investment in the Funds include, but are not limited to, the following:

Business Risks. Each Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the Adviser's team's prior investments is not necessarily indicative of any Fund's future results. While the Adviser intends for its Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Reliance on Key Persons. The operations of any Fund are dependent on the Adviser, and the operations of the Adviser depend in substantial part on the services of the principals and other investment professionals. There can be no assurance that these principals and investment professionals will continue to be associated with the Adviser throughout the life of the Funds. In addition, the principals, investment professionals and others within Xtellus devote their time and attention to Xtellus and various investments and activities, which includes the activities of the Funds. While the principals and certain investment professionals will devote such time as they believe is reasonably required to the Funds, the composition of the team dedicated to a Fund may change from time to time without notice to the investors. Accordingly, the make-up of the principals and the pool of investment professionals with responsibility for the investment strategy of the Fund may evolve over time. The loss of key personnel could have a material adverse effect on a Fund's ability to realize its investment objectives.

Liquidity of Investments. An investment in the Funds requires a long-term commitment with no certainty of return. The Adviser enters deals that are highly speculative and privately negotiated, rendering an investment in the Funds difficult to value and difficult for disposition. An investment in any Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating each Fund (including the annual management fee) may exceed income, thereby requiring that the difference be paid from such Fund's capital.

Concentration of Investments. Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the investment portfolio of a particular Fund could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that a Fund may never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. Limited partners, however, are required to pay management fees during each Fund's investment period based on the entire amount of such partner's commitments.

Limited Transferability of Fund Interests. There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of any Fund interests under each Fund's partnership agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments, and, hence, most of each Fund's investments will be difficult to value. Certain investments may be distributed in kind to partners.

Highly Competitive Market for Investment Opportunities. The success of the Funds depends, in large part, on the availability of a sufficient number of investment opportunities that fall within the Funds' investment objectives and the ability of the Adviser and its affiliates to identify, negotiate, close, manage and exit those investment opportunities. The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. There can be no assurance that Xtellus or its affiliates will be able to locate and complete investments which enable the Funds to invest all of their committed capital in opportunities that satisfy each Fund's investment objectives or realize the value of these investments.

The Funds will compete for the right to make investments with an ever-increasing number of other parties, including other consortia, companies and other private investment funds, as well as individuals, financial institutions, corporates and other institutions, some of which may have greater resources than the Funds. As a result of such competition, the Funds may have difficulty in making certain investments or, alternatively, the Funds may elect to make investments on economic terms less favorable than anticipated. If a Fund fails to make new investments or makes investments on less favorable terms, the Fund's financial condition and results of operations could be materially and adversely affected. Investors will be required to pay the Management Fee based on aggregate commitments during the investment period irrespective of the amount of commitments actually used to make investments.

Portfolio Investments in Growth Businesses. The Funds intend to invest in growth companies. These companies may be characterized by short operating histories, evolving markets, intense competition and management teams that have limited experience working together. A portfolio company may need to implement appropriate sales and marketing, inventory, finance, personnel and other operational strategies in order to become and remain successful. A Fund's returns will depend upon the Adviser's ability to find and invest in companies that can successfully combine these strategies where products and markets are constantly evolving. There can be no assurance that the Adviser will find and invest in a sufficient number of these companies to meet Investor return expectations or that those they do invest in will successfully execute on their business plan post-investment.

Importance of Valuations and Structuring of Acquisitions. The overall performance of the Funds will depend in large part on the acquisition price paid by the Funds for its investments, which is typically determined by reference to the carrying values most recently reported by the underlying funds and other available information. The underlying funds are not generally obliged to update any valuations in connection with a transfer of interests on a secondary basis, and such valuations may not be indicative of current or ultimate realizable values. Moreover, there is no established market for secondary investments or for the privately held portfolio companies in which the underlying funds may own securities, and there may not be any comparable companies for which a public market exists. As a result, the valuation of secondary investments may be based on limited information and is subject to inherent uncertainties.

Generally, the Funds will not be acquiring interests directly from the issuers thereof, will not have the opportunity to negotiate the terms of the interests being purchased or any special rights or privileges, and

should expect to hold its secondary investments on a long-term basis. As a result, the performance of the Fund will be adversely affected in the event the valuations assumed by the Fund in the course of negotiating acquisitions of investments prove to have been too high. The Fund also may face portfolio sales or other situations where, in order to make investments considered desirable, the Fund is required to make other investments considered less desirable or for which it is less comfortable with the estimated valuations.

Investments in Less Established Companies. While not its primary strategy, the Funds may invest a portion of their assets in the securities of less established companies or early stage companies. Investments in such 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 a Fund, 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. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein.

Control Positions. The Funds may identify investment opportunities that allow a Fund to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may generally be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of a Fund to claims by such portfolio company, its security holders and its creditors. While the Adviser intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Providing Investment Banking and Other Services to adverse parties. The Adviser and its affiliates (the "Xtellus Group") may provide investment banking services or other services to third parties and receive fees therefor in connection with transactions in which those third parties have interests that conflict with those of the Funds. The Xtellus Group may give advice to these third parties that may cause them to take actions adverse to the Funds. For example, the Xtellus Group may represent a company in which the Fund is seeking to invest or a client seeking to invest in the Fund. In addition, the Xtellus Group may represent a client competing with the Funds for the acquisition of a company or compete with the Funds in other ways. Third parties that are holders of debt instruments and securities in the Fund's investments may have interests substantially divergent from those of the Fund. The Xtellus Group and its clients may also pursue or enforce rights with respect to the Fund or entities in which the Fund is invested, and those activities may have an adverse effect on the Fund's investments and, in turn, the Fund. In all such situations, the Xtellus Group shall be unrestricted in acting on behalf of those clients.

Serving on the board of companies. It is anticipated that the Adviser and or its related persons will provide services to unaffiliated and affiliated companies, which may include a Fund's portfolio companies. Such services can include service on the board of directors or advisory boards of such companies, consulting and other services, in some instances the Adviser or such related persons will receive compensation for such services.

Ability to Exit Investments Successfully. The ability of a Fund to achieve successful and profitable exits of its portfolio investments may be affected by a number of factors prevailing at the time, including general economic conditions, interest rates, availability of capital, interest levels of strategic and financial buyers and cyclical trends. It is difficult to predict with any certainty whether there will be a ready and willing market of buyers for any particular portfolio company at the time the Fund seeks a realization.

Cybersecurity Risk. The Funds, their portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their portfolio companies, despite the efforts of service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their portfolio companies. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of the Funds, their portfolio companies, their service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to the confidential data. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds or their portfolio companies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Catastrophic Events. The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on locations in which the Adviser operates) the risks of loss can be substantial and could have a material adverse effect on the Funds and the investments therein.

COVID-19. The outbreak of the novel coronavirus continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines, restrictions on travel, bans on public events, bans on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. There are no comparable recent events in the United States which provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the business, financial condition and results of operations of portfolio companies. There is substantial uncertainty of COVID-19's potential effect on the private funds which could have a material adverse effect on the private funds' investments and on the business, financial condition, and results of operations of portfolio companies, particularly those portfolio companies that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in the private funds and/or the portfolio companies being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and the private funds and/or the portfolio companies could be forced to sell some of their assets to fund such costs. In the event of any such consequences, the private funds could lose both invested capital in and anticipated profits from the affected investments.

Item 9. Disciplinary Information

There is no disciplinary information to disclose.

Item 10. Other Financial Industry Activities and Affiliations

An affiliate of the Adviser, Xtellus Capital Partners, Inc. (“Xtellus Capital”), is registered as a broker-dealer. Certain employees of the Adviser are registered representatives of Xtellus Capital.

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

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with the Clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. For additional information about the Code or to request a copy, please contact the Chief Compliance Officer, Stephen Zak at 646-527-6363 or stephen.zak@xtelluscapital.com. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Code contains a securities trading policy, which sets forth standards of conduct that are expected of Supervised Persons, as well as addresses conflicts that may arise from personal trading. The Code covers standards of business conduct, prohibited business practices, personal trading requirements, reporting of personal securities transactions, insider trading, restrictions on accepting and giving significant gifts, and reporting of certain gifts and business entertainment items, among other things.

The Code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated. Supervised Persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information (“MNPI”) regarding these securities or communicating MNPI to others. A restricted list is maintained regarding issuers about which the Adviser has MNPI. Pre-clearance is required for certain personal securities transactions, including initial public offerings and certain limited offerings. In addition, Supervised Persons are required to submit annual reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

The Adviser’s Code requires personnel to report their personal securities transactions and comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, MNPI. In the course of its investment management and other activities, the Adviser may come into possession of confidential or MNPI about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or MNPI that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients’ benefit.

Participation or Interest in Client Transactions

To the extent that the Adviser or its related persons invest in the same securities that the Adviser or a related person recommends to a Client, such practices present a conflict where the Adviser or its related person is in a position to trade in a manner that could adversely affect the Clients. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Clients by adversely affecting the price at which the Client trades are executed. The Adviser has adopted the Code in an effort to minimize such conflicts. The Adviser requires its related persons to pre-clear certain transactions in their personal accounts with the Adviser's Chief Compliance Officer or his delegate, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Clients. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All related persons to the Adviser are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer or his delegate and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent the Adviser buys or sells securities for a Client, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the Client.

From time to time, the Adviser may be presented with investment opportunities that would be suitable for more than one of the Funds. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors. The Adviser attempts to resolve these conflicts of interest in light of its obligations to investors and attempts to allocate investment opportunities among investors in a fair and equitable manner as described under Item 7 and in the Adviser's policies on investment allocation.

Item 12. Brokerage Practices

There are no brokerage practices to disclose.

Item 13. Review of Accounts

The Adviser reviews the accounts of the Funds on a regular basis and periodically checks to confirm that each Fund is maintained in accordance with its stated business objectives. The Adviser performs additional reviews in the event that a portfolio company needs subsequent financing, in the event of a potential acquisition or liquidity event, or if there was a serious performance issue at a portfolio company. Investments made by Clients are private, illiquid, and long-term in nature. Members of the Adviser's investment team closely monitor the operations of its portfolio companies and maintain ongoing oversight.

Fund investors receive reports from the Funds as described in the Funds' Governing Documents. All reports are sent to Investors either electronically or by mail, as per each investor's subscription documents. Certain investors may negotiate or request to receive reports from a Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) through the use of side letters or otherwise.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive any monetary compensation or any other economic benefit from a non-Client for the Adviser's provision of investment advisory services to a Client.

Item 15. Custody

The Adviser will comply with the requirements of Rule 206(4)-2 of the Advisers Act ("Custody Rule") with regards to custody of assets of the Clients. The Custody Rule imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser. The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, FCM and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. Clients that receive account statements directly from a custodian should carefully review these account statements. However, the Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception, and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements, with respect to the Funds.

The Funds' accounts are held in custody at qualified custodians including unaffiliated broker dealers and banking institutions. Annually, upon completion of the Funds' year-end audit, the Adviser will distribute audited financial statements to the investors in the Funds within 120 days of the end of each fiscal year, in compliance with the Custody Rule.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to its Clients. Please see Item 4 for a description of any limitations the Clients may place on the Adviser's discretionary authority. The Adviser has entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser's discretion, prior to assuming full discretion in managing a Client's assets.

Although it is the Adviser's policy to allocate investment opportunities to an eligible Client on a pro rata basis (based on assets under management), these and other factors may lead the Adviser to allocate securities to the Clients in varying amounts.

Item 17. Voting Client Securities

Although voting Client securities is generally not a service provided by the Adviser to its Clients, to the extent the Adviser is deemed to have voting authority on behalf of a Client and actually exercises such

authority, the Adviser complies with its security voting policies and procedures that are designed to ensure that in cases where the Adviser votes with respect to a Client's securities, such votes are in the best interests of the Client.

If a material conflict of interest between the Adviser and a Client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the security voting policies and procedures is in the best interests of the Client or take some other appropriate action.

To the extent the Adviser is deemed to have voting authority on behalf of a Client and actually exercises such authority, additional information about the Adviser's security voting policies and procedures, or information about how the Adviser voted, would be available by contacting Stephen Zak at 646-527-6363 or stephen.zak@xtelluscapital.com.

Item 18. Financial Information

The Adviser is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. In addition, the Adviser also has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy proceeding.