

PART 2A OF FORM ADV

FIRM BROCHURE

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This brochure (“Brochure”) provides information about the qualifications and business practices of Xponance Alts Solutions, LLC (“XAlts”). XAlts is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Our registration as an investment adviser does not imply any level of skill or training and the information in this Brochure has not been approved or verified by the SEC or by any state securities authority. If you have questions about the contents of this Brochure, please contact us at (215) 567-1100. Additional information about Xponance is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site for information relating to our firm using our firm name or a unique identifying number known as a CRD number. Our firm’s CRD number is 314283.

ITEM 2 – MATERIAL CHANGES

No Material Changes.

ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES	II
ITEM 3 - TABLE OF CONTENTS.....	III
ITEM 4 – ADVISORY BUSINESS	1
ITEM 5 – FEES AND COMPENSATION	2
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ...	3
ITEM 7 – TYPES OF CLIENTS	3
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	4
ITEM 9 – DISCIPLINARY INFORMATION	14
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS	14
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
ITEM 12 – BROKERAGE PRACTICES.....	15
ITEM 13 – REVIEW OF ACCOUNTS.....	15
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	15
ITEM 15 – CUSTODY	15
ITEM 16 – INVESTMENT DISCRETION	15
ITEM 17 – VOTING CLIENT SECURITIES.....	16
ITEM 18 – FINANCIAL INFORMATION	16

ITEM 4 – ADVISORY BUSINESS

Xponance Alts Solutions, LLC, a Delaware limited liability company (the “Investment Manager or XAlts”), is an investment firm that was formed in February 2021, to serve as the registered investment adviser on behalf and for the business of Xponance Advisors, LLC, a Delaware limited liability company serving as the Fund’s general partner (the “General_Partner”). The Investment Manager will act as investment adviser for the *Xponance Diverse Opportunities Fund, LP (the “Fund”)*.

The Fund will be controlled by the General Partner. The Investment Manager will manage the Fund’s investments and will advise the General Partner on investment matters. The Investment Manager will be supported by the Strategic Capital Group division of Investcorp Investment Advisers, LLC, a Delaware limited liability company (the “Sub-Advisor” or “ISCP”), pursuant to a Sub-Advisor Agreement between the Investment Manager and the Sub-Advisor. The CRD number the sub-adviser is 137790.

The General Partner and the Investment Manager are each a majority-owned subsidiary of Xponance, Inc. (“Xponance”). Xponance is a multi-platform asset manager and investment solutions provider for institutional clients. Xponance employs approximately 45 people between its offices in Philadelphia, Pennsylvania and Durham, North Carolina.

The Fund is being formed by XAlts to make minority investments in equity, equity-related or debt interests primarily in, or rights to share in the revenue streams primarily generated by, alternative asset managers and their affiliates, including general partners (collectively, “Portfolio Managers”), and pooled investment funds, collective investment vehicles and separately managed accounts sponsored, managed or advised by Portfolio Managers (collectively, “Portfolio Funds,” and investments in Portfolio Managers and/or Portfolio Funds, “Portfolio Manager Investments”) in addition to seeding investments of Portfolio Managers (i) of which either (a) women or diverse founders own at least 33% of the equity or (b) one or more women or diverse founders hold the title of Managing Partner or any equivalent title. The Fund’s investment focus will be on Diverse Managers that derive a significant portion of their revenue from the sponsorship and management of closed-end funds or other funds with lock-up features (as such terms are customarily used in the market) as of the date of the relevant Portfolio Manager Investment.

The Investment Manager provides discretionary investment advisory services to the Fund including, but not limited to, directing the investment and reinvestment of Fund assets. The terms for the Fund are disclosed in detail in the Fund’s offering document that is provided to prospective investors prior to investment.

As further described in Item 8 below, XAlts invests all the Funds’ assets in general or limited partnerships, funds, corporations, trusts or other investment vehicles (collectively, “Portfolio Funds”) based primarily in the United States that invest or trade in a wide range of securities, and, to a lesser extent, other property, and currency interests. Although XAlts investment advice is generally limited to these types of investments, it has broad and flexible investment authority.

XALts does not tailor its advisory services to the individual needs of investors in the Fund nor accept investor-imposed investment restrictions with respect to the Fund. In addition, XALts does not participate in wrap fee programs.

The rights and obligations of the Investment Manager and General Partner with respect to the Fund are set forth in the limited partnership agreement of the Partnership entered by the General Partner and the limited partners (i.e., investors) of the Partnership.

As of February 2021, XALts did not manage assets on a discretionary or non-discretionary basis. XALts was founded in February of 2021.

ITEM 5 – FEES AND COMPENSATION

XALts is compensated for its advisory services to the Fund in the form of an asset management fee (the “Management Fee”) and the General Partner will be paid a performance fee (the “Performance Fee”).

The Fund will pay all expenses other than “overhead expenses”, including, without limitation, the fee to the administrator, accounting, compliance and legal expenses, insurance premiums, organizational expenses, and all investment related expenses such as commissions, research fees, interest on indebtedness, and any other expenses reasonably related to the purchase, sale or transmittal of the Funds’ assets (including the investment expenses of the Investment Funds in which the Fund invests). The Fund also bears indirectly the fees and expenses of any investment entities in which the Portfolio Fund may invest. The expenses of the organization of the Fund, including all expenses incurred in connection with the offer and sale of Interests, will be paid by the Fund.

XALts may offer lower fees to investors who close during the initial investing period. The fees for such investors will be 1.5%. Later investors will pay 1.75%. However, there will be no adjustments to the carried interest of 20% which is allocated to the General Partner.

The Management Fee is generally payable quarterly in advance from drawdowns of the Limited Partners’ remaining Capital Commitments, provided, however, that the Management Fee may be waived or deferred and paid at a later date and/or paid out of amounts otherwise distributable to the Limited Partners. The Management Fee will be prorated for any period that is less than a full quarter.

Performance Compensation

The General Partner is entitled to receive an annual Performance Fee from the Partnership for which it serves as the general partner. The Performance Fee is equal to 20% of the annual net profits, but only to the extent that such profits exceed both (i) a “hurdle rate” equal to 8.0% for the year, and (ii) any losses carried forward from prior years, based on a “high water mark” formula. The “hurdle rate” is calculated net of management fees, but before the performance-based allocation. The “hurdle rate” is not cumulative from year to year and is applied to each Limited Partner’s capital account balance as of the commencement of the year, as adjusted for any additional contributions or partial withdrawals during the year. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits in the Limited Partner’s

capital account for the year and applies only to the net profits in excess of the “hurdle rate.” Net profit includes unrealized appreciation or depreciation of marketable positions, as well as any dividends and distributions.

XALts deducts fees from Fund assets. As described above, the Investment Manager deducts the Management Fee and the General Partner deducts the Performance Allocation or Performance Fee, as applicable, from Fund assets on a monthly and annual basis, respectively.

Notwithstanding the foregoing, the Investment Manager, on behalf of the Fund, will have discretion to waive the Management Fee relative to the Capital Commitment of certain Limited Partners that (i) are affiliated with or employed by the Investment Manager or Xponance, (ii) are friends and family investors, or (iii) provide consulting and advisory services to the Fund, the Portfolio Managers or Portfolio Funds and, in each case, are designated as “Xponance Partners” by the General Partner in its sole discretion (each, an “Xponance Partner”). In addition, the Management Fee is subject to reduction equal to the amounts of portfolio company’s directors’ fees, transaction fees, break-up fees, reverse break-up fees, monitoring fees and other similar fees received by the Investment Manager.

IT IS CRITICAL THAT INVESTORS REFER TO THE FUND OFFERING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF HOW XALTS IS COMPENSATED FOR ITS ADVISORY SERVICES. THE INFORMATION CONTAINED IN THIS ITEM 5 IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY THE FUND OFFERING DOCUMENTS.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5 above, the General Partner and the Investment Manager may receive a Performance Allocation or Performance Fee, respectively, which are performance-based. It should be noted that the possibility that the General Partners and the Investment Manager could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation.

ITEM 7 – TYPES OF CLIENTS

XALts’ client is the above-mentioned Fund, which is a pooled investment vehicle. The Fund will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. or non-U.S. securities laws. Interests will be offered and sold without registration in reliance upon the Securities Act exemption for transactions not involving a public offering and generally will be sold only to accredited investors, as defined in Regulation D promulgated under the Securities Act.

The minimum subscription per investor in the Fund is \$5,000,000.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Investment Manager intends to pursue a consistent, disciplined investment strategy that is focused on identifying high-quality Portfolio Managers with whom to partner. As a minority stakeholder in what is expected to be a diversified portfolio of approximately 10 Portfolio Managers that may have differing investment strategies, geographic focus, asset classes and, with respect to Portfolio Funds, different vintage, the Fund will seek to create value for limited partners through growth of the underlying Portfolio Managers and improved operational efficiency. The key elements of the Fund's differentiated investment strategy are set forth below.

Investment Team with Complementary Experience. In order to execute the investment strategy of the Fund, the General Partner has assembled, and the Fund will be managed by, an experienced team of investment professionals (the "Investment Team"), comprised of representatives of the Investment Manager and of the Sub-Advisor that has been retained to advise the Investment Manager. The Investment Team members have previous experiences that provide a variety of perspectives and are thus well-suited in identifying and evaluating prospects, making investments, and assisting portfolio expansion and improving operations. The Investment Team is well-positioned to source new investment opportunities from its existing strong relationships.

Attractive Fund Yield Structure

The Investment Manager expects the Fund to provide an attractive cash yield to investors from asset management fees and performance compensation.

Experienced Value Creation Approach

The Investment Manager will seek to add value to Portfolio Managers by providing access to XAlts and Investcorp's respective ecosystems of resources. A senior investment professional of the Investment Team is expected to serve as the liaison between a Portfolio Manager and Xponance's and Investcorp's respective networks of resources. Xponance and Investcorp are positioned and incentivized to work with the Investment Manager as needed to raise capital, expand product offerings, manage talent and succession planning challenges, and streamline back-office operations.

Investment and Portfolio Construction Experience

It is the intention of the Investment Manager that the Fund will seek to achieve reduced volatility and J-curve risk based on consistent management fee cash flows and annual performance compensation from investments in Portfolio Managers. Coupled with what is expected to be a diversified pool of approximately 10 Portfolio Managers that may have differing investment strategies, geographic focus, asset classes, and, with respect to their Portfolio Funds, different vintages, the Investment Manager expects the portfolio to enhance downside protection while still capturing upside potential as compared to a more typical private equity strategy. The Investment Teams have experience investing across a variety of alternative asset management strategies, business models and deal structures. The Investment Teams will be supported by the Sub-Advisor, as described above.

Material Investment Risks of the Fund

General Investment Risks

Suitability of Investing in the Fund

An investment in the Fund is not suitable for all investors. An investor must have the financial ability to understand, and the willingness to accept, the extent of its exposure to the risks and lack of liquidity inherent in an investment in the Fund. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisers to assist them in making their own legal, tax, accounting and financial evaluation of the risks and merits of investment in the Fund considering their own circumstances and financial condition. An investment in the Fund should be considered only by persons who can afford to lose their entire investment.

Nature of Investment

An investment in the Fund requires a long-term commitment in a structure that provides for a 15-year term (with possible extensions). The majority of the Fund's investments will be highly illiquid. While Portfolio Manager Investments will entitle the Fund to participate in the revenue streams generated by the Portfolio Managers and Portfolio Funds, which are expected to give rise to current income for the Fund, such current income will likely be the only source of near-term cash flow available to the Partners. There can be no assurance that the Portfolio Manager Investments will generate positive cash flows. In addition, subject to certain limitations set forth in the Partnership Agreement, the General Partner may recall or retain and reinvest capital contributions relating to an investment that has been disposed. Consequently, there may be a lengthy time period before distributions are made to the Partners.

The Portfolio Manager Investments will generally comprise minority, non-controlling, equity, equity-related and/or revenue interests in Portfolio Managers or Portfolio Funds, and the Fund will therefore typically have limited ability to exert influence over such Portfolio Managers and Portfolio Funds, including with respect to the evaluation and selection of investments made by a Portfolio Manager and/or Portfolio Fund, the timing of the making, restructuring, refinancing and exiting of such investments and, more generally, the investment strategies, policies and operations of a Portfolio Manager and the Portfolio Funds sponsored, managed or advised by such Portfolio Manager. The existing management team of each Portfolio Manager is expected to retain autonomy over the day-to-day operations of the business of such Portfolio Manager and a majority stake in such business. Certain of the Fund's investments may be in Portfolio Managers with little or no operating history. Because the Fund may only make a limited number of investments and the Fund's investments generally will involve a high degree of risk, poor performance by a few of the Portfolio Manager Investments could severely affect the total returns to the Partners.

There can be no assurance that the Fund, the General Partner, the Investment Manager, the Sub-Advisor, or the Investment Committee will correctly evaluate the nature and magnitude of the

various factors that could affect the value of a return on the Fund's investments. The Fund will seek to invest in a diversified portfolio as part of its broader investment strategy and attempt to manage the risks of these investments through careful research, investment selection and ongoing monitoring and due diligence of investments. However, there can be no assurance that the securities and other investments purchased by the Fund will increase in value or that the Fund will not incur significant losses.

The Investment Manager has established a risk management function. As more particularly described in the Partnership Agreement, there are investment restrictions that apply in respect of the Fund. Part of the General Partner's and the Investment Manager's role is to ensure that the provisions of the Partnership Agreement are complied with and there are procedures in place to monitor all potential and actual investments made by the Fund to ensure compliance. Each of the General Partner and the Investment Manager intends to apply a risk management approach that it believes is appropriate for the Fund. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Investment Manager's risk control framework will achieve its objectives. From time to time, without notice to the Limited Partners, the Investment Manager may modify or change the Fund's risk management system and procedures.

Current Economic Conditions and Developments

Many factors affect the appeal and availability of investments in companies and the securities and obligations that are the focus of the Fund, the Portfolio Managers, and the Portfolio Funds. The activities of the Fund, the Portfolio Funds, the Portfolio Managers, and their respective investments could be materially adversely affected by general economic and market conditions, such as availability of credit, credit defaults, economic uncertainty, changes in laws, the impact of the COVID-19 pandemic, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations) as well as by numerous other factors outside the control of the General Partner, the Investment Manager, the Portfolio Managers, or their affiliates. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's and the Portfolio Funds' investments, which could impair the Fund's profitability or result in losses.

The financial condition of the Fund and the Portfolio Funds may be adversely affected by a significant general economic downturn, and the Fund and the Portfolio Funds may be subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on their respective businesses and operations and thereby could impact the Fund. Moreover, a recession, slowdown or sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets will adversely affect the Fund's and the Portfolio Funds' profitability, impede the ability of the Portfolio Funds' portfolio companies or issuers to perform under or refinance their existing obligations, and impair the Fund's and the Portfolio Funds' ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Fund in respect of certain investments, which losses likely will be exacerbated by the presence of leverage in the Portfolio Funds' capital structures.

In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Fund's and the Portfolio Funds' performances. World financial markets continue to experience extraordinary market conditions, including, among other things, bank failures, extreme losses and volatility in securities markets, and the failure of credit markets to function. In reaction to these events, regulators and monetary authorities in the United States and several other countries have undertaken unprecedented regulatory and monetary actions, and regulators in the United States and abroad continue to consider and implement measures to stabilize U.S. and global financial markets. However, despite these efforts, U.S. and global financial markets remain volatile. In addition, recent presidential and congressional elections are resulting in several changes to U.S. and non-U.S. fiscal, tax, and other policies, as well as the lending environment generally.

The Fund may be adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulatory actions or other events that could limit the Fund's and the Portfolio Funds' activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of a severe worldwide economic downturn. Consequently, the Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns, or effectively managing risks.

Public Health Emergencies

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola, and the current outbreak of COVID-19, have resulted in, and continue to result in, market volatility and disruption. These and other health emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, and which may result in significant losses to the Fund and the Portfolio Funds. Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus, COVID-19, which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources, and resulting in extensive and growing numbers of infections, hospitalizations, and deaths. To contain COVID-19, national, regional, and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to volatility in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

Business and Regulatory Risks of Alternative Asset Funds and Managers

Legal, tax and regulatory changes could occur that may adversely affect the Fund, the Portfolio Managers, or the Portfolio Funds at any time. The legal, tax and regulatory environment for funds that invest in alternative investments is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the hedge fund and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of the Fund and the Portfolio Funds to pursue their respective investment strategies, their ability to obtain leverage and financing, and the value of their respective investments. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as regulatory scrutiny of the alternative investment fund industry in general, and certain legislation requiring greater regulation of the industry has been adopted, and additional legislation has periodically been proposed and is being considered in the United States, the European Union, and other jurisdictions. It is impossible to predict what, if any, additional changes may be instituted with respect to the regulations applicable to the Fund, the General Partner, the Investment Manager, the Portfolio Managers, the Portfolio Funds, their respective affiliates, the markets in which they trade and invest, the investors in the Fund or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that the Fund, the General Partner, the Investment Manager, the Portfolio Managers, the Portfolio Funds, or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Fund, the Portfolio Managers, or the Portfolio Funds to implement their respective investment strategies could have a material adverse impact on the Fund's investments. To the extent that the Fund or the Fund's investments are or may become subject to regulation by various agencies within or outside of the United States, the costs of compliance will be borne directly or indirectly by the Fund, as applicable.

The SEC and other various U.S. federal, state and local agencies may conduct examinations and inquiries into, and bring enforcement and other proceedings against, the Fund, the General Partner, the Investment Manager, the Sub-Advisor, or their respective affiliates. The Fund, the General Partner, the Investment Manager, the Sub-Advisor, or their respective affiliates may receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings and otherwise in the ordinary course of business. These requests may relate to a broad range of matters, including specific practices of the Fund, General Partner, the Investment Manager, the Sub-Advisor, the Portfolio Managers, the securities in which the Fund, the General Partner, the Investment Manager, and the Portfolio Managers invest on behalf of their respective clients, or industry-wide practices. The costs of any such increased reporting, registration and compliance requirements may be borne by the Fund and may place the Fund at a competitive disadvantage to the extent that the General Partner, the Investment Manager, the Sub-Advisor, or the Portfolio Managers are required to disclose sensitive business information.

Cybersecurity

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Information and technology systems of the General Partner, the Investment Manager, the Fund, the Portfolio Managers, and the Portfolio Funds may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. The General Partner and the Investment Manager will seek to prevent and mitigate any such incidents, but there is no guarantee that they will be successful in such efforts. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Investment Manager's, the Fund's, the Portfolio Managers', or the Portfolio Funds' operations, or the operations of a portfolio company of the Fund or of a Portfolio Fund, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the General Partner, the Investment Manager, the Fund, the Portfolio Managers, the Portfolio Funds, or the portfolio companies of the Fund or of the Portfolio Funds. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) or the assets of Portfolio Funds or of any of the portfolio companies of the Fund or the Portfolio Funds, as well as numerous unforeseen costs including, but not limited to preventative and protective costs, remediation costs, litigation costs, and costs associated with reputational damage.

Risks Related to an Investment in the Fund

Lack of Operating History

The Fund is the first investment fund formed by the Investment Manager. Although the Investment Teams have had extensive experience investing in the private equity and hedge fund markets, the Fund, the General Partner, and the Investment Manager are newly formed entities with no operating history upon which to evaluate the Fund's likely performance. The prior performance of any of the Fund's, General Partner's or Investment Manager's respective affiliates should not be construed as an indication of the Fund's future results. There can be no assurance that the investment objective of the Fund will be achieved or that investors will receive a return of their capital.

Absence of Regulatory Oversight

While the Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act.

No Right to Control the Fund's Operations

Limited Partners will have no opportunity to control the day-to-day operations of the Fund, including investment or disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Fund, Limited Partners must rely entirely on the General Partner and the Investment Manager to conduct and manage, respectively, the affairs of the Fund. In addition, to the extent that a Limited Partner is not represented by a member of the LPAC, such Limited Partner will have no influence over matters submitted to the LPAC for review or approval.

Side Letters

The Fund or the General Partner may enter into other written agreements ("Side Letters") with one or more Limited Partners that have the effect of establishing rights under, or altering or supplementing the terms of, the Partnership Agreement or any Subscription Agreement. Any such terms, including with respect to (a) different economic terms which may be more favorable than those of the Partnership Agreement (including alternative fee or other compensation arrangements), (b) excuse rights applicable to particular investments, (c) additional reporting obligations of the General Partner, (d) the consent of the General Partner to certain transfers by such investor, (e) co-investment opportunities, (f) withdrawal rights due to adverse tax or regulatory events, (g) the waiver of certain confidentiality obligations, (h) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor or (i) any other matters described therein, may be more favorable than those offered to any other Limited Partners. If the Fund or the General Partner enters into a Side Letter entitling a Limited Partner to be excused from participating in a particular investment or withdraw from the Fund, any election to be excused or withdrawal by such Limited Partner may increase any other Limited Partners' *pro rata* interest in, and contribution obligations with respect to, that particular investment (in the case of an excuse) or all future investments (in the case of a withdrawal), which may have an adverse effect on such other Limited Partners' investment results. Side Letters may be available for review by a Limited Partner only after such Limited Partner has become a limited partner of the Fund. The Fund or the General Partner may enter into such Side Letters with any party as the General Partner may determine in its sole and absolute discretion at any time. The other Limited Partners will have no recourse against the Fund, the General Partner, the Investment Manager, or any of their respective affiliates if certain Limited Partners receive additional or different rights or terms as a result of such Side Letters.

In addition, the General Partner may enter into agreements with one or more Limited Partners involving such Limited Partners' overall relationship with the Fund, the Investment Manager or any of their affiliates, including one or more strategies or sub-strategies in addition to the strategy of the Fund, with terms and conditions applicable solely to such Limited Partners and their investment in the Fund and other investment funds managed or sub-advised by the Investment Manager or its affiliates (such other investment funds, "Other Funds") (including separate accounts) or other Xponance strategies. Such agreements are anticipated to involve Limited Partners agreeing to make a commitment to multiple Other Funds, one or more of which may include the Fund or a separate account pursuant to an overall integrated arrangement. Limited Partners will be unable to elect any rights or benefits granted to such multi-strategy investors. Specific examples of such additional rights and benefits include specialized reporting,

more favorable or different economic arrangements, secondment, or personnel from such Limited Partners to XAlts or any of its affiliates (or vice versa) and rights to participate in the investment process, as well as priority rights or targeted amounts for co-investments alongside the Fund or Other Funds. The existence of any such arrangements may result in fewer co-investment opportunities or capacity rights sharing arrangements (or reduced or no allocation) being made available to Limited Partners.

Foreign Currency and Exchange Rate Risk

The functional currency of the Fund will be in U.S. dollars. All capital contributions to be made by Limited Partners to the Fund and all cash distributions from the Fund to the Limited Partners will be made in U.S. dollars. Some of the Fund's investments may, however, be made in a currency other than U.S. dollars. The unrealized value of any investment that is purchased with a currency other than U.S. dollars, or that is likely to be disposed of in consideration for payments denominated in a currency other than U.S. dollars, will be subject to foreign currency exchange rate risk in addition to the other risks inherent in such an investment. Although the General Partner may, in its sole discretion, enter into hedging transactions designed to reduce foreign currency exchange rate risk, there can be no assurance that the Fund will be able to do so successfully or cost-effectively.

General Tax Risks

The Fund and/or the Limited Partners could become subject to additional or unforeseen taxation in jurisdictions in which the Fund, directly or indirectly, operates and invests. In addition, withholding taxes and other local source taxes may be imposed on the Fund's earnings. These taxes may not be creditable or deductible by the Fund or the Limited Partners.

Tax Treatment

There can be no assurance that the structure of the Fund or of any investment will be tax-efficient to any Limited Partner.

The Fund may generate "unrelated business taxable income" for tax-exempt investors, "effectively connected income" for non-U.S. investors and "commercial activity income" for certain non-U.S. investors that are foreign governments or not otherwise subject to U.S. federal income tax under section 892 of the U.S. Internal Revenue Code of 1986, as amended. If the Fund expects to generate any such income, the Fund will try to notify the Limited Partners in advance of such generation and, upon request, try to help Limited Partners resolve any issues.

Prospective Limited Partners are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. federal, state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with reference to any special issues that an investment in a Fund may raise for such persons.

Risk Related to Portfolio Manager Investments

Illiquidity

Portfolio Manager Investments are illiquid and may not be transferred without the consent of the Portfolio Managers and without complying with cumbersome procedures. While the Fund may seek to negotiate various early liquidity rights prior to purchasing interests in the Portfolio Managers and their Portfolio Funds, the Fund may be unable to liquidate its interests when desired and thereby avoid significant losses, or may be required to sell such interests regardless of whether the Fund desires to do so. It is unlikely that there will be a public market for any of the securities held by the Fund at the time of their acquisition. The Fund generally will not be able to sell the securities constituting Portfolio Manager Investments unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. Furthermore, the imposition of withdrawal restrictions (“gates”), lock-ups, the suspension of withdrawals, *force majeure* events and other factors can each result in the Fund being unable to exercise any liquidity rights with respect to its Portfolio Manager Investments.

Minority, Non-Controlling Equity Interests

As part of its investing strategy, the Fund generally intends to make minority, non-controlling, equity and equity-related investments in Portfolio Managers, and the General Partner expects that such Portfolio Managers will retain autonomy over the day-to-day operations of their investment management businesses and that such Portfolio Managers will retain a majority stake in such investment management businesses. Although the General Partner generally will seek to obtain minority investment protections and other rights designed to provide the Fund with risk mitigation and downside protection and align the Fund’s interests with those of a Portfolio Manager’s management and other stakeholders, the Fund typically will have a limited ability to exert influence over the Portfolio Managers in which the Fund invests. The Portfolio Managers may make business, financial or management decisions with which the General Partner or the Investment Manager does not agree, and the majority stakeholders or management of the Portfolio Manager may take risks or otherwise act in a manner that does not serve the Fund’s interests. The Fund will not have the opportunity to evaluate or select the specific underlying investments made by any Portfolio Manager in which the Fund invests and will not be responsible for the results of any underlying Portfolio Fund. In such cases, the Fund will rely on the existing management and board of directors or similar governing body of such Portfolio Managers, which may include representation of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. In holding non-controlling interests, the Fund will have limited or no ability to create additional value in the Portfolio Managers in which the Fund invests by effecting changes in the strategy and operations of the Portfolio Managers or to protect the Fund’s positions in the Portfolio Managers or to create or take advantage of exit opportunities. The Fund’s inability to control the timing of the restructuring, refinancing, and exiting of its investments may adversely affect the Fund’s

performance. In addition, while the Fund does not intend to control, or expect to have any control over, such Portfolio Managers, the Fund's participation in such Portfolio Managers could expose the assets of the Fund to claims by a Portfolio Manager and/or such Portfolio Manager's other equity holders, creditors, investors, or other counterparties. There can be no assurance that all third parties will similarly conclude that the Fund's investments are not control investments or that, due to the provisions of the governing documents of an investment or the interpretation of applicable law or regulations, investments by the Fund will not be deemed to have control elements for certain contractual, regulatory, or other purposes. It is possible that regulators or third parties could try to impose liability on the Fund in connection with the operations of a Portfolio Manager and, if successful, such liability could adversely affect the performance of the Fund.

Dependence on Key Personnel

A Portfolio Manager may rely heavily on certain key personnel to manage and direct the operations of such Portfolio Manager. The presence and retention of such key personnel is particularly important to participants in the alternative investment funds area, and the departure of these key personnel, or their inability to fulfill their responsibilities, may materially and adversely affect the ability of a Portfolio Manager to manage its Portfolio Fund(s) successfully, which may have a material adverse effect on the Fund. For instance, many Portfolio Funds are expected to include in their organizational documents a "key person provision" that would suspend or terminate the investment activities of such Portfolio Funds or would allow the investors of such Portfolio Funds to redeem their investment with little or no limitations should a key person event take place.

The Fund expects to be entitled to receive a portion of a Portfolio Manager's income. This may motivate a Portfolio Manager's key personnel to leave the employ of the Portfolio Manager to go and work for a new entity that is not subject to a requirement to share income with the Fund or similar investors (and that therefore has greater flexibility to share income with key personnel). The Fund may seek investment terms that condition the investment on some type of retention arrangements with key personnel already being in place, and ongoing obligations designed to encourage retention, although there is no certainty that the Fund will seek such terms or that Portfolio Managers will agree to such conditions.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN THE FUND, PORTFOLIO MANAGERS, PRIVATE FUNDS OR THE ALTERNATIVE ASSET INDUSTRY. PORTFOLIO MANAGERS MAY PURSUE OTHER STRATEGIES IN MANAGING THEIR ASSETS, WHICH STRATEGIES COULD INVOLVE RISKS NOT DESCRIBED HEREIN. PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM IN FULL AND SEEK ADVICE TO COMPLETELY UNDERSTAND THE RISKS ASSOCIATED WITH INVESTING IN ALTERNATIVE ASSETS BEFORE DECIDING WHETHER TO INVEST IN THE FUND.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of XAlts. No information applicable to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

As stated in Item 4, Xponance is a majority owner of XAlts and is the successor registrant under the Investment Advisers Act of 1940 (the “Advisers Act”) to both FIS Group, Inc. (“FIS Group”) and Piedmont Investment Advisors, Inc. Xponance, Inc. is a Pennsylvania corporation with headquarters in Philadelphia and a southeast office in Durham, North Carolina, and is 100% owned by employees of the firm. Xponance, Inc. is also the corporate parent of Aapryl, LLC, a financial technology company that offers software to assist allocators in identifying skilled investment managers.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

XAlts has adopted a Code of Ethics which sets forth the high standards of business conduct expected of our employees and individuals associated with our firm, including compliance with applicable federal securities laws. Our Code of Ethics also governs a few potential conflicts of interest we may have when providing advisory services to our clients. As explained in the Code of Ethics, XAlts and its employees owe a duty of loyalty, good faith, and fairness to our clients, and have an obligation to adhere to both the specific terms and general principles that guide the Code. Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and provisions for reporting certain gifts and business entertainment items. Our Code also includes policies and procedures for the review of initial securities holdings reports, quarterly securities transactions reports and duplicate brokerage statements. XAlts may buy or sell securities for client accounts in which an Access Person (as defined in the Advisers Act) may have a material interest. To avoid any potential conflicts of interest between XAlts and its clients, Xponance’s Code of Ethics requires that all Access Persons obtain written preclearance before buying or selling securities in their personal, non-discretionary, brokerage accounts. Access Persons are also subject to a three month holding period before being allowed to sell a covered security. Employees of XAlts and its affiliate may invest in the Fund, however preclearance requirements will have to be met before doing so.

XAlts is not a broker-dealer and does not have any broker-dealer affiliates. Therefore, XAlts does not have the capacity to engage in any principal or agency cross securities transactions. While the Code of Ethics does not address every possible situation that might arise, each person is responsible for exercising good judgment, applying ethical principles, and bringing potential violations of the Code of Ethics to the attention of the Chief Compliance Officer of XAlts. Sanctions imposed for infractions of the XAlts Code of Ethics can vary from reprimand to termination, as appropriate. The Code of Ethics is distributed to each employee at the time of hire and thereafter as changes are made. On an annual basis, we require all employees to recertify adherence to the Code of Ethics. Clients and prospective clients of XAlts may request a

copy of our Code of Ethics by contacting Shelley Simms, Chief Compliance Officer, by using the contact information on the cover page of this Brochure.

ITEM 12 – BROKERAGE PRACTICES

As mentioned in Item 4 above, XAlts utilizes an investment strategy which is focused on investing the assets of the Fund in Investment Funds, or private partnerships. As such, XAlts does not expect the Fund to utilize brokers.

ITEM 13 – REVIEW OF ACCOUNTS

An investment committee (the “Investment Committee”) makes all investment decisions for the Funds and reviews their holdings on at least a monthly basis. The current members of the Investment Committee are Marquette Chester, Tina B. Williams, Genie Logue, Anthony Maniscalco, David Lee, and Fredrik Guster.

XAlts will provide investors with audited financial statements annually.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

XAlts does not use solicitors.

ITEM 15 – CUSTODY

XAlts is deemed to have custody of Fund assets by virtue of its status as the Fund’s investment manager. The qualified custodian presently used by XAlts for the Fund is First Republic Bank.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Xponance reasonably believes that all investors in the Fund will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 180 days or sooner, of the end of the Fund’s fiscal years. Investors should carefully review the audited financial statements of the Fund upon receipt.

ITEM 16 – INVESTMENT DISCRETION

XAlts has discretionary authority to manage the investments of the Fund. Investors in the Fund do not have the ability to impose limitations on the Investment Manager’s discretionary authority. Prospective investors are provided with an offering memorandum or prospectus, as applicable, prior to their investment and are encouraged to carefully review the document, along with all other relevant offering documents, and to be sure the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement and a limited partnership agreement, each of which constitutes a legal, valid, and binding obligation of the investor, enforceable in accordance with their respective terms.

ITEM 17 – VOTING CLIENT SECURITIES

Because the primary nature of the Fund is to make minority investments in privately held companies, XAlts typically does not engage in proxy voting for the Fund.

To the extent that XAlts receives proxies on behalf of the Fund, XAlts will vote any such proxies in the best interests of the Fund and the Fund's investors. In the event a proxy vote raises a potential conflict of interest for XAlts, the Chief Compliance Officer will then decide (which may be in consultation with outside legal counsel or third-party compliance consultants) as to whether the conflict is material or not. If no material conflict is identified, an Investment Team or his/her designee will decide on how to vote the proxy in question. XAlts may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

A copy of XAlts' proxy voting policies and procedures and information with respect to specific proxy votes, if applicable, will be furnished upon request to the relevant client by contacting Shelley Simms, at (215) 567-1100.

ITEM 18 – FINANCIAL INFORMATION

XAlts is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Xponance has not been the subject of a bankruptcy petition at any time during the past ten years.