

**Leucadia Asset Management LLC**  
**Solanas Capital Division**

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**FORM ADV PART 2A**  
The Brochure

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This brochure provides information about the qualifications and business practices of Leucadia Asset Management LLC (f/k/a Jefferies Investment Advisers, LLC) ("LAM"). If you have any questions about the contents of this brochure, please contact us at (212) 323-3380. 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. LAM is registered as an investment adviser with the SEC. Registration does not imply that a registered adviser has achieved a certain level of skill, expertise, or training in providing advisory services to its clients.

Additional information about LAM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Jefferies**

## **Item 2. Material Changes**

Effective as of January 1, 2021, Jefferies Investment Advisers, LLC changed its name to Leucadia Asset Management LLC ("LAM").

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#### **Item 4. Advisory Business**

Leucadia Asset Management (f/k/aJefferies Investment Advisers, LLC) ("LAM" or "we"), a registered investment adviser, is a wholly owned subsidiary of Jefferies Group LLC, a direct wholly owned subsidiary of Jefferies Financial Group Inc. LAM, established in 2002, has been registered as an investment adviser with the Securities and Exchange Commission since January 2003. This Brochure relates to our Solanas Capital Division ("Solanas" or the "Division"). Solanas engages in the business of offering advisory and portfolio management services to institutional and high net worth individuals through private funds ("Funds"). While Solanas does not currently offer advisory and portfolio management services through separately managed accounts ("SMAs" and, together with the Funds, the "Accounts") it may choose to do so in the future. On June 28, 2019, Perella Weinberg Partners Capital Management LP entered into a Transaction Agreement with Jefferies Asset Management Holdings LLC pursuant to which LAM becomes the investment adviser with respect to the Funds as of July 1, 2019. Prior to July 1, 2019, Perella Weinberg Partners Capital Management LP served as the investment adviser of the Funds.

Our principal place of business is New York City where we perform portfolio management, research, quantitative analysis, systems development, trading, operations, accounting, legal and compliance functions. Various affiliates of LAM perform administrative functions and services (such as Human Resources, Information Technology, Accounts Payable, Treasury, and Purchasing) in New York, New York, Jersey City, New Jersey and other U.S. locations of Jefferies Group LLC and its subsidiaries.

The Solanas programs involve utilizing long-short investment strategies that invest primarily in the equity and equity-related securities of companies principally engaged or operating in the energy and energy-related industries. The Accounts invest primarily in the equity securities of companies that are principally focused on energy midstream and infrastructure industries, global renewables, power infrastructure, smart grid, energy efficiency and technology, crude oil, natural gas liquids, water infrastructure and waste management.

The objective of Solanas' investment program is to provide clients with exposure to investment strategies focused on the energy and energy-related sectors. The investment strategies which Solanas employs primarily trade U.S. equity and equity-related securities, energy-related partnerships, equity derivatives, index futures and swaps.

As of January 31, 2020, Solanas expects to have Regulatory Assets Under Management ("RAUM") totaling approximately \$165,607,331 million on a discretionary basis. Solanas does not manage assets on a non-discretionary basis. The term "RAUM" is defined by the SEC in the instructions to Form ADV, and RAUM is calculated in accordance with the requirements prescribed by the SEC.

#### **Item 5. Fees and Compensation**

We typically receive management fee and/or incentive fees, which can vary by Fund.

For Funds, management fees, which accrue monthly and are payable monthly in advance, are generally between 1.0% and 2.0% per annum of the net asset value of the respective Fund. Management fees are appropriately prorated for partial periods. Incentive fees are typically between 10% and 20% of net new appreciation attributable to each investor in the respective Fund. Incentive fees are paid at the end of the calendar year or upon redemption. With the assistance of the Fund's third party administrator, we deduct our fees directly from the Accounts of our Fund clients.

The fees received by us are explained more fully in the offering memorandum for each Fund (the "Offering Memorandum") or, in the case of a SMA, are set forth in the investment management agreement between the client and ourselves (together with any Offering Memorandum, the "Disclosure Document").

The fees described above are our typical fee rates. We may, in our sole discretion, waive all or a portion of the fees due to us. Each Fund has the right to enter into agreements with one or more of its investors providing for a waiver or modification of certain terms of the Fund. Such arrangements are documented in the offering documents or side letter agreements with particular investors in certain Funds.

When we consider appropriate, we may invest a portion of an Account's assets in one or more money market funds or exchange-traded funds. When any such investments are made, the Account will be paying, in addition to the compensation payable to us, the Account's proportionate share of any management fees charged by the manager of such money market fund, mutual fund or exchange-traded fund.

Our Funds generally bear (i) the organizational and initial offering expenses incurred in the formation of the Fund and the marketing and sale of the Interests (excluding the compensation of placement agents but including all legal, accounting, filing, printing, travel and accommodation expenses of all of our affiliated personnel and third party marketers) and ongoing offering expenses (excluding the compensation of placement agents but including the costs associated with the ongoing marketing and sale of the Interests and any costs associated with any amendments to and/or restatements of fund documents), management fees and, if investing through a "master-feeder" structure, the Fund's *pro rata* share of expenses associated with the master fund's investments, whether or not such investments are consummated, and other direct expenses including, without limitation: (i) all investment expenses, including brokerage commissions and other costs of executing transactions; (ii) principal, interest on and fees and expenses arising out of any borrowings of the master fund; (iii) legal, accounting, auditing, tax preparation and other professional expenses; (iv) fees and expenses relating to software tools, programs or other technology (including third-party software licensing, implementation, data management and recovery services and custom development costs); (v) research and market data (including any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data) as well as products and services obtained through "soft dollar" arrangements; (vi) withholding, transfer and entity-level taxes or other governmental charges levied against the Fund; (vii) fees in connection with the custody of the master fund's assets; (viii) expenses of liquidating the Fund; (ix) the Fund's *pro rata* share of administrative and other expenses of the master fund (if applicable); (x) any D&O liability or other insurance and extraordinary administrative or operating fees and expenses of the Fund; and (xi) as applicable, all reasonable expenses associated with limited partner advisory board meetings and the board members attending such meetings.

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

### **PERFORMANCE BASED FEES.**

We receive performance-based fees from all of our clients in the form of incentive fees. Prospective investors should note that (i) the fact that incentive fees may be payable out of increases in net trading profits may create an incentive for us to make investments that are riskier or more speculative than would be the case if we were compensated solely based on a flat percentage of capital and (ii) we may receive increased compensation because the incentive fees are calculated on a basis that includes unrealized appreciation as well as realized gains.

## **SIDE-BY-SIDE MANAGEMENT.**

We trade on behalf of multiple client Accounts. As described in “Fees and Compensation” above, we receive performance-based incentive fees from all Accounts. Some Accounts also pay us management fees. As a result, we have a conflict of interest because we can potentially receive proportionately greater compensation from those Accounts that pay us incentive fees and management fees than from those Accounts that pay us incentive fees only.

We owe a fiduciary duty to our clients not to favor one Account over another, without regard to the types and amounts of fees paid by those Accounts. In light of the conflicts of interest described above, we have allocation policies and procedures in place in an effort to ensure that Accounts are treated fairly. We do not necessarily trade for Accounts on a *pari passu* basis, as some Accounts may be distinguished from one another by their investment objectives, investment methodology, fee terms or other investment or trading parameters. Accordingly, our investment professionals may cause purchases or sales to be effected for one or more Accounts while not causing such purchases or sales to be effected for other Accounts. We may determine also to use substantially different degrees of leverage in certain Accounts when effecting a transaction, when maintaining a position, or in conducting an Account’s activities generally. Discretion as to which Accounts will receive allocations of particular positions may occur whether investment opportunities are limited or unlimited, and opportunities to participate in transactions may not necessarily be allocated among the Accounts in any particular proportion.

If multiple Accounts qualify for participation in the purchase of a specific security or investment opportunity by such portfolio group, we will, in general, allocate the instruments among the Accounts for which the instrument or investment opportunity is appropriate, on a fair and equitable basis. Common trades on the same day for Accounts managed by the same portfolio management group generally are allocated, where possible, on the basis of the relative assets committed to the strategy at the average price per share among such Accounts. While no Account will be given investment priority over any other Account, each Account may have separate investment objectives and investment restrictions which we are required to follow; as a result, certain investment opportunities may be appropriate for certain Accounts and not for others. We apply such considerations as we deem appropriate, including relative size of such entities, amount of available capital, size of existing positions in the same or similar securities, leverage and tax considerations and other factors. Nevertheless, prospective investors should understand that we, and our investment professionals, may have an incentive to favor certain Accounts over others.

## **Item 7. Types of Clients**

We provide advisory services to the following types of clients:

- Private funds (e.g., hedge funds);
- Corporations and other business entities;
- Other institutional investors; and
- High Net-Worth Individuals (indirectly as clients through their investments in the Funds).

Funds are generally organized as “master-feeder” structures whereby a U.S. feeder fund domiciled in Delaware and a non-U.S. domiciled feeder fund that is a Cayman Islands exempted limited partnership that invest in a master fund that is also a Cayman Islands exempted limited partnership. Each Fund is excepted from the definition of an “investment company” pursuant to Section 3(c)(7) of the Company Act. The investors in these Funds are generally “accredited investors,” as that term is defined in Regulation D promulgated under the Securities Act of 1933, and “qualified purchasers” as that term is defined in the

Company Act and the rules promulgated thereunder. Each of the Funds sets minimum investment requirements for the investors in such vehicle. The minimum investments are currently either \$1,000,000 or \$5,000,000. Such minimum investment requirements may be waived at our discretion, except to the extent that such waiver is expressly prohibited by the constituent documents of the Fund or applicable law.

SMA clients are typically institutional investors. Should we decide to offer services through SMAs, we will review any requests for managed accounts on a case-by-case basis, but the minimum investment is typically \$50,000,000, which minimum we may waive in our discretion.

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

The following is a summary of the investment strategies and methods of analysis we generally employ on behalf of our clients. Specific descriptions of such strategies and methods are included in the relevant Disclosure Documents. All investments involve risk of loss that investors should be prepared to bear.

### **INVESTMENT STRATEGY AND METHODS OF ANALYSIS**

Solanas offers strategies which seek to achieve an investment objective agreed with the applicable client or as set forth in the relevant Disclosure Documents (the "Investment Objective"). Our strategies present risks to our clients and clients must fully understand and accept those risks before making any investment.

Each strategy, as well as trading approaches used in the strategies, is proprietary and highly confidential. Accordingly, clients should note that the descriptions set out below are general only and are not intended to be exhaustive.

While strategies offered through Solanas are largely comprised of equities products, our strategies rely on the discretion of our investment professionals, who may employ one or more proprietary investment and/or trading strategies and methodologies (collectively "Strategies"). These strategies may include additional markets and products including fixed income and foreign currency instruments as well.

We are under no requirement to limit ourselves to a particular Strategy level of exposure. In general, our Strategies are determined by the judgment or discretion of our investment professionals.

We may formulate new approaches and investment strategies to carry out our principal Investment Objectives based on, among other factors, changing market circumstances. This includes (without limitation) the incorporation of new markets, instruments and strategies. We will notify a client of such changes only if they amount to material changes to the Investment Objective.

Clients should note that the foregoing is not intended to be an exhaustive description of the strategies and Strategies that may be employed by us. At various times, we may employ on behalf of Accounts any of the Strategies discussed herein in various proportions as well as others, some of which may involve higher levels of risk. There is risk associated with each Strategy and there is no assurance that any of the Strategies will be profitable or that we will be able to achieve the Investment Objective or avoid losses. The Strategies used present special and significant risks which investors should carefully consider in conjunction with their investment, legal and tax advisors. In addition, clients may request, and/or we may develop, additional strategies with some similarities to existing strategies. Any such strategies may be subject to risks and conflicts of interest, and also may be subject to additional risks and conflicts of interest that may be described in the applicable Disclosure Documents.

### **SPECIFIC INVESTMENT STRATEGIES**

#### **Alternative Energy Strategy**



In connection with this strategy, we maintain a total return focus and look to deploy capital across alternative energy and sustainable resource companies through a fundamental, deep value, “bottom-up” approach combined with a top down macro view. We utilize a long/short investment strategy and invest primarily in the equity securities of companies that are principally focused on global renewables, power infrastructure, smart grid, energy efficiency and technology, water infrastructure and waste management. The companies engaged in the aforementioned strategies are primarily involved in the generation, transmission and distribution of electricity, technologies to improve efficiency and reliability of alternative energy sources, as well as treatment and transportation of water and wastewater.

### **Energy Infrastructure Strategy**

The principal investment objective of this strategy is to generate long-term returns in excess of its targeted volatility, with a low correlation to the U.S. equity markets. The strategy will utilize a long-short investment strategy and by investing primarily in the equity securities of companies that are principally engaged in energy and energy-related industries (both listed and over-the-counter securities). The companies engaged in energy and energy-related industries include, among others, companies involved in the generation, transmission and distribution of electricity, gas (including natural gas), crude oil, water and refined products, as well as companies providing transportation, storage, gathering, processing and terminaling of these resources, and companies providing or that are involved in the energy infrastructure chain and ancillary sectors of the energy spectrum.

### **Midstream Strategy**

The principal investment objective of this strategy is to generate capital appreciation. The strategy seeks to achieve its investment objective by utilizing a long only investment strategy and by investing primarily in the equity securities of companies that are principally engaged in the energy midstream and infrastructure industries (both listed and over-the-counter securities). The strategy will look to invest a majority of its assets in energy-related partnerships and their affiliates, generally through swaps, and in other companies that, as their primary business, operate assets used in the transportation, gathering, processing, storing, refining, distributing, exploration or marketing of crude oil, refined petroleum products, natural gas, natural gas liquids, coal and other natural resources. The strategy will seek to take advantage of the entry point in those companies that have been hardest hit in the energy correction. The strategy does not invest in index futures or in commodities or commodity-linked exchange-traded funds.

### **MLP Strategy**

Solanas MLP Fund LP, a Delaware limited partnership (“MLP Fund”), previously managed by LAM, merged with and into, Solanas Midstream Opportunities Fund, LP, a Delaware limited partnership (“Midstream Fund”), also managed by LAM, on December 31, 2019, with the Midstream Fund as the surviving entity. As a result of the merger transaction, the existing limited partners in the MLP Fund became limited partners in the Midstream Fund. There are no changes to the Midstream Strategy, as described above.

## RISK OF LOSS

OUR INVESTMENTS ARE SPECULATIVE, ENTAIL A HIGH DEGREE OF RISK, AND ARE SUITABLE ONLY FOR INVESTORS WHO HAVE NO IMMEDIATE NEED FOR LIQUIDITY AND WHO CAN AFFORD TO BEAR A LOSS OF THE ENTIRE AMOUNT INVESTED. NO REPRESENTATION OR GUARANTEE IS MADE AS TO THE LIKELIHOOD OF ACHIEVING OUR INVESTMENT OBJECTIVES. INVESTORS SHOULD CAREFULLY CONSIDER, AMONG OTHER FACTORS, THE FOLLOWING MATERIAL RISKS INVOLVED WITH OUR INVESTMENT STRATEGIES. INVESTORS SHOULD REFER TO THE APPLICABLE GOVERNING DOCUMENTS FOR MORE COMPLETE INFORMATION ON OUR INVESTMENT STRATEGIES AND THE RISKS ASSOCIATED WITH OUR INVESTMENTS.

## STRATEGY-RELATED MATERIAL RISKS

**Concentration of Investments.** We may participate in a limited number of investments and seek to make several or all of our investments in one industry or one industry segment. As a result, our investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Our investment portfolio may not be diversified among geographic areas or types of securities. Further, our portfolio may not be diversified among a wide range of issuers or exposed to different levels of market capitalizations of issuers. Accordingly, our investment portfolio may be subject to more rapid change in value than would be the case if we were required to maintain a wide diversification among geographic areas, types of securities and issuers.

**Limited Liquidity of Interests and Investments.** Our investments provide limited liquidity since the Interests generally may be withdrawn only monthly, upon at least 30 days' prior written notice. Our ability to effect and fund withdrawals is entirely dependent upon our ability to withdraw from our investments and distribute any proceeds. Prospective investors are required to represent that they have acquired their Interests for investment purposes only and not with a view to resale or distribution. Further, investors are subject to significant restrictions on Transfer, including, but not limited to, the requirement that we consent to any such Transfer. We may, in our discretion, withhold consent to a proposed Transfer for any or no reason. The Interests have not been registered under the 1933 Act or any state securities law, and, therefore, cannot be sold unless they are subsequently registered under such laws or an exemption from such registration is available. We do not, and any prospective and actual investors should not, anticipate that a secondary market for the Interests will develop.

**Competition.** We will compete with a large number of other investment advisers, which may have substantially greater financial resources as well as larger research and trading staffs than those available to us. These greater resources may be a particularly important competitive advantage given the amount of due diligence required by our investment program. Competitive investment activity by other firms will reduce our opportunity for profit by reducing mispricings in the market as well as the margins available on such mispricings as can still be identified.

**Reliance on Our Discretion.** Investors will not be able to participate in the management or control of our investment activities or in the management, disposition or other realization of our investments, or other decisions regarding our business and affairs. Consequently, investors will not be able to evaluate

for themselves the merits of particular investments prior to us making such investments. Accordingly, investors will rely exclusively on our ability to select and manage such investments. Our subjective decisions may cause investors to incur losses or miss profit opportunities on which it could otherwise have capitalized. We may appoint additional (or different) sub-advisers.

**Investment and Due Diligence Process.** Before making investments, we will conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding an investment, we will rely on the resources reasonably available to us, which in some circumstances whether or not known to us at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

**New Strategies and Techniques.** While we will generally seek to employ the representative investment strategies and techniques discussed herein, we have considerable discretion in the types of securities we may trade, and we have the right to modify investment strategies and techniques without the consent of investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to investors. In addition, any new investment strategy or technique may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of our investments.

**Institutional Risk.** The institutions, including brokerage firms and banks, with which we will trade or invest, may encounter financial difficulties that impair our operational capabilities or the capital position. In addition to the risk of a counterparty or broker defaulting, there also is the risk that our major institutional investors may be compelled to withdraw or that our counterparties or brokers will be required to restrict the amount of credit previously granted to us due to their own financial difficulties, resulting in forced liquidation of substantial portions of our portfolio. Funds maintained at a broker as margin to collateralize forward positions with such broker as a counterparty principal are not maintained in segregation and therefore are subject to the claims of the general creditors of the broker in the event of its bankruptcy.

**Increased Regulatory Oversight.** Increased regulation and regulatory oversight of private investment funds and their managers may impose administrative burdens on us, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert our time, attention and resources from portfolio management activities.

**Increasing Assets Under Management.** The rates of return achieved by trading advisers or managers often diminish as the assets under their management increases. We have not agreed to limit the amount of additional equity that we will manage.

**Use of Leverage.** Our investment program may include leveraging our investments. The use of leverage will allow us to make additional investments, thereby increasing our exposure to assets, such that our total assets may be greater than our capital. However, leverage will also magnify the volatility of changes in the value of our portfolio. Money borrowed for leveraging will be subject to interest costs or other costs incurred in connection with such borrowing, which may or may not be recovered by the return on the securities purchased with borrowed funds. Borrowing and the use of leverage create an opportunity for greater appreciation, but also entail a risk of greater loss, in the value of our assets. The effect of the use

of leverage in a market that moves adversely to our investments could result in substantial losses to our investors, which would be greater than if we were not leveraged.

**Risk of Counterparty Default.** We expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit us to trade in any variety of markets or asset classes over time. However, there can be no assurance that we will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit our trading activities, create losses, preclude us from engaging in certain transactions or prevent us from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on our business due to our reliance on such counterparties.

**Potential Interest Rate Increases.** The United States is experiencing historically low interest rate levels. However, the continued recovery of the U.S. economy and recent and potential future changes in U.S. government policy, including the tapering of the U.S. Federal Reserve Board's quantitative easing program, increase the risk that interest rates will rise in the near future. Any future interest rate increases may result in periods of volatility and cause the value of the fixed income securities to decrease, which may result in substantial withdrawals, which in turn, may force us to liquidate such securities at disadvantageous prices negatively impacting our performance.

**Currency.** We may make investments which will be denominated in one or more currencies other than U.S. Dollars. We do not expect to enter into arrangements in an attempt to hedge our exposure to significant currency fluctuations between the U.S. Dollar and the applicable currency or currencies. Also, an investor who generally holds its assets in one or more currencies other than U.S. Dollars should consider that the currency exchange rate(s) between the U.S. Dollar and the investor's currency or currencies may fluctuate in an unfavorable manner.

**Governmental Interventions.** Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on our investment strategies.

**Highly Volatile Markets.** The prices of certain of our assets, including futures and options prices, may be highly volatile. Price movements of forward contracts, futures contracts and other assets may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. We may also be subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

**Non-U.S. Investments.** We may invest in non-U.S. or domestic securities denominated in non-U.S. currencies and/or traded outside of the United States. Such investments require consideration of certain

risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, U.S. and non-U.S. withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less information available publicly about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less-extensive regulation of the securities markets in particular countries than in the United States.

**Mid- and Small-Capitalization Companies.** We will likely focus on the equity securities of mid-capitalization companies, although we may invest in equity securities regardless of market capitalization, including micro- and small-cap companies. Investments in mid-capitalization companies may be riskier than investments in larger, more established companies. The securities of mid-capitalization companies may trade less frequently and in smaller volumes than securities of larger companies. The securities of less-seasoned and smaller-capitalization companies are often traded in the over-the-counter market and have fewer market-makers and wider price spreads. In addition, mid- and small-capitalization companies may be more vulnerable to economic, market and industry changes. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term. Because mid- and small-capitalization companies may have limited product lines, markets or financial resources or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large-capitalization companies. It is also more difficult to obtain information about less-seasoned and smaller-capitalization companies because they tend to be less well known and have shorter operating histories and because they tend not to have significant ownership by large investors and are not followed by many securities analysts.

**Energy Market Risk.** We will have significant investments in the energy markets through investments in the securities of energy and energy-related companies. Energy markets may be subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, supply and demand for the relevant energy resource, interest rates, currency exchange rates, investment and trading activities in commodities markets, special risks of constructing and operating facilities, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation and sudden changes in fuel prices. The businesses in which we invest may be adversely affected by non-U.S. and U.S. Federal, state and local laws and regulations including regulations governing energy production, distribution and sale, as well as environmental, health and safety, taxation, land access and other regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect our prospects.

We face the risk that the earnings, dividends, and stock prices of energy companies will be greatly affected by changes in the prices and supplies of oil, gas and other energy resources. Prices and supplies

of energy can fluctuate significantly over short and long periods because of a variety of factors, including changes in international politics; policies of the Organization of Petroleum Exporting Countries ("OPEC"); relationships among OPEC members and between OPEC and oil-importing nations; energy conservation; the regulatory environment; government tax policies; and the economic growth and stability of the key energy-consuming countries. Because our performance depends on a variety of factors affecting energy companies, rather than on the stock markets generally, our performance could decline, even if the performance of either the U.S. or foreign stock markets are positive.

## PORTFOLIO INVESTMENT-RELATED MATERIAL RISKS

**Equity Securities.** The value of equity securities may fluctuate in response to specific situations for each company, including the activities, results of operations and financial condition of an issuer, the business market in which individual companies compete, interest rates and general economic environments with a resulting fluctuation in the amount of profits and losses. We may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled in developed or in emerging countries. There are no absolute restrictions in regard to the size or operating experience of the companies in which we may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). The securities of smaller companies may involve more risk and their prices may be subject to more volatility. We may also invest in distressed equity securities, which are generally considered to be riskier, more speculative and less liquid than other equity securities.

**Preferred Stock.** We may invest in preferred stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer's common stock, but it ranks junior to debt securities in an issuer's capital structure and accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

**Convertible Securities.** We may invest in preferred stock that can be converted into a different security - typically shares of the company's common stock (convertible securities). In a conventional convertible security financing, the conversion formula is generally fixed - meaning that the convertible security converts into common stock based on a fixed price. The convertible security financing arrangements might also include caps or other provisions to limit dilution (the reduction in earnings per share and proportional ownership that occurs when, for example, holders of convertible securities convert those securities into common stock). By contrast, in less conventional convertible security financings, the conversion ratio may be based on fluctuating market prices to determine the number of shares of common stock to be issued on conversion. A market price based conversion formula protects the holders of the convertibles against price declines, while subjecting both the company and the holders of its common stock to certain risks. If a convertible security is called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third

party. Any of these actions could have an adverse effect on our ability to achieve our investment objective.

**Warrants.** We may invest in warrants. Warrants are securities that are usually issued together with a debt security or preferred stock and that give the holder the right to buy a proportionate amount of common stock at a specified price until a stated expiration date. Buying a warrant generally can provide a greater potential for profit or loss than an investment of equivalent amounts in the underlying common stock. The market value of a warrant does not necessarily move with the value of the underlying securities. If a holder does not sell the warrant, it risks the loss of its entire investment if the market price of the underlying security does not, before the expiration date, exceed the exercise price of the warrant. Investing in warrants is a speculative activity. Warrants pay no dividends and confer no rights (other than the right to purchase the underlying securities) with respect to the assets of the issuer. A right is a privilege granted, typically to existing shareholders of a corporation, to subscribe for shares of a new issue of stock before it is issued. Rights normally have a short life, usually two to four weeks, may be freely transferable and generally entitle the holder to buy the new common stock at a lower price than the public offering price.

**Call Options.** We may invest in call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying financial instrument) assumes the risk of a decline in the market price of the underlying financial instrument below the purchase price of the underlying financial instrument less the premium received, and gives up the opportunity for gain on the underlying financial instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying financial instrument above the exercise price of the option. The financial instruments necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing financial instruments to cover the exercise of an uncovered call option can cause the price of the financial instruments to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

**Put Options.** We may invest in put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying financial instrument) assumes the risk of an increase in the market price of the underlying financial instrument above the sales price (in establishing the short position) of the underlying financial instrument plus the premium received, and gives up the opportunity for gain on the underlying financial instrument if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying financial instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**ETFs.** We may invest in ETFs. The public trading price of shares in an ETF may be different from the net asset value of such shares (*i.e.*, ETF shares may trade at a premium over, or a discount to, the net asset values of such shares) and similarly, the public trading market price per ETF share may be different from the net asset value per ETF share. ETF shares are listed for trading on exchanges. Trading in such shares may be halted due to market conditions or, in light of exchange rules and procedures, for reasons that, in the view of the relevant exchange, make trading in the ETF shares inadvisable. In addition, trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules that require trading to be halted for a specific period based on a specified market decline. There can be no assurance that the requirements necessary to maintain the listing of any ETF's shares will continue to be met or will remain unchanged. Although it is anticipated that the ETF shares will be listed and traded on exchanges, there can be no guarantee that an active trading market for such shares will develop or be

maintained. If we need to sell ETF shares at a time when no active market for them exists, the price we receive for such shares, assuming that we are able to sell them, likely will be lower than that we would receive if an active market did exist.

**Illiquid and Restricted Securities.** We may invest in liquidity constrained securities from time to time. We will generally consider a position to be "illiquid" if, it would take more than five days to exit the position. Illiquid and restricted securities are subject to legal or other restrictions on transfer or for which no liquid market exists, and accordingly, it may take more than five days to exit the position. The market prices, if any, for such securities tend to be volatile, and we may not be able to sell them when we desire to do so or to realize what we perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at prices that are lower than similar securities that are not subject to restrictions on resale.

**Hedging Transactions.** We may, but are not required to, employ certain hedging techniques (including the purchase and sale of securities and other instruments), directed primarily toward general market risks in order to (i) protect against possible changes in the market value of our investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect unrealized gains in the value of our investment portfolio; (iii) facilitate the sale of any financial instruments; (iv) enhance or preserve returns, spreads or gains on any financial instruments in our portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or credit rate on any of our financial instruments; (vii) protect against any increase in the price of any financial instruments that we anticipate purchasing at a later date; or (viii) act for any other reason that we deem appropriate. We will not be required to hedge any particular risk in connection with a particular transaction or our portfolio generally.

**Forward Commitments.** We may make contracts to purchase securities for a fixed price at a future date beyond customary settlement time because new issues of securities are frequently offered to investors, on that basis. Forward commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date. This risk is in addition to the risk of decline in value of our other assets. Although we will enter into such contracts with the intention of acquiring the securities, we may dispose of a commitment prior to a settlement date if we deem it appropriate to do so. We may realize short-term profits or losses upon the sale of forward commitments.

**"New Issues."** We may trade in "new issues" as defined in Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130. Certain investors will be restricted, under applicable FINRA Rules, from participating in the profits and losses generated by "new issues." In addition, we expect to limit the participation of certain investors in "new issues" to an extent not required by FINRA. Investors may receive "new issue" allocations disproportionate to such investors' respective Interests and will not be compensated in any respect for any such disproportionate allocations.

## **Item 9. Disciplinary Information**

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



## Item 10. Other Financial Industry Activities and Affiliations

### MATERIAL FINANCIAL INDUSTRY AFFILIATIONS OF THE FIRM

In addition to our being a registered investment adviser, certain of our employees may be registered representatives of our affiliate Jefferies LLC, a registered broker dealer.

Jefferies LLC is the principal subsidiary of Jefferies Group LLC. Jefferies Group LLC, a direct, wholly-owned subsidiary of Jefferies Financial Group Inc. ("Jefferies"), is a global investment banking firm that provides clients with capital markets and financial advisory services, institutional brokerage and securities research, as well as wealth and asset management. Jefferies provides research and execution services in equity, fixed income, foreign exchange, and derivatives markets, and a full range of investment banking services including underwriting, merger and acquisition, restructuring and recapitalization and other advisory services.

Jefferies LLC and its London affiliates may act as a placement agent for the private funds which we manage. At the current time, no placement fees are charged to an investor in a private fund; however, we may pay a portion of our fees to Jefferies LLC or other placement agents, whether affiliated or unaffiliated, for having introduced an investor to the private fund. We may also pay such fees to Jefferies LLC for SMA clients they introduce to us.

LAM is a registered Commodity Trading Advisor ("CTA"), Commodity Pool Operator ("CPO") and is a member of the National Futures Association.

We do not currently use our affiliates as executing brokers for Accounts.

Our affiliates may be advising, or may in the future play an advisory role or perform other services for, our clients and/or for one or more of a client's portfolio companies. Using information walls and similar policies and procedures, we seek to avoid becoming aware of the roles our affiliates are playing. However, if one of our affiliates decides to play such a role, e.g., act as adviser to a portfolio company, and in the unlikely event that we are aware or are deemed to be aware of that role, our client may be required or expected to liquidate its position in such portfolio company. Such a transaction may cause the client to realize reduced profits or losses. Similarly, if the client maintains a short position in a company for which our affiliate intends to play an advisory role, and if we become aware or are deemed to become aware of that role, the client may be forced to cover the short prematurely, which, in turn, may result in reduced profits or losses. If the client is permitted to maintain its position in such instance, our affiliate may take actions or provide advice with respect to the portfolio company that could result in adverse consequences to the client and the restriction on the ability to close such position.

By reason of the advisory, investment banking, and/or other activities of our affiliates, we and our affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. We will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, we may not be able to initiate a transaction for a client Account that we otherwise might have initiated. A client Account may be frozen in an investment position that it otherwise might have liquidated or closed out.

Certain of our affiliates are investment advisers and other financial institutions whose businesses have no material relationship to our business. Certain of our officers and directors also serve as officers and directors of other Jefferies companies.

## POTENTIAL CONFLICTS OF INTEREST

**Compensation.** We could receive compensation in the form of management fees, even from Accounts that lose value.

**Advisory Time.** We devote as much time to the business of each of our divisions and each of our Accounts, as in our judgment, is reasonably required. However, we also provide investment advisory services for other clients (including other managed accounts as well as pooled accounts) and engage in other business ventures in which our advisory clients have no interest. As a result of these separate business activities, we may have conflicts of interest in allocating management time, services, and functions among Accounts and other business ventures or clients.

**Other Clients; Allocation of Investment Opportunities.** We are responsible for the investment decisions made on behalf of Accounts. As described above, there are no restrictions on our ability to manage any number of accounts for other clients following the same or different Investment Objectives, philosophies and strategies. As a general matter, it would not be expected that Accounts with different portfolio managers would share information relating to potential transactions. Therefore, one Account may trade prior to and at a better price than another Account trading in the same instrument.

These situations may involve conflicts between our interests or those of our related persons, on the one hand, and the interests of our clients, on the other.

**Asset Valuation.** Our fees are based directly on the value of the Accounts as of various dates. To the extent that our agreements with our clients provide that we will value the clients' assets, we will have a conflict of interest in reviewing or determining such valuations because the valuations directly affect the value of the Account and thus the amount of fees that we receive. Prices assigned to portfolio positions by us may not necessarily conform to the prices assigned to the same financial instruments if held by our affiliates.

**Side Letters.** As described above in Item 5, we may enter into side letters to agree to different fee terms or other negotiated terms.

**General.** We may, without prior notice to a client, arrange, recommend, and/or effect transactions in which, or provide services in circumstances where, we have, directly or indirectly, a material interest or relationship with another party that may present a potential conflict with our duty to a client.

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

### CODE OF ETHICS

Our employees are subject to the Jefferies Group LLC Code of Ethics. Our own Code of Ethics (the "Code") incorporates and supplements the Jefferies Group LLC Code of Ethics with policies and procedures applicable to our employees. The purpose of the Code is to identify the ethical and legal framework in which we and our personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding our standard of business conduct. A complete copy of the Code is provided to clients and prospective clients upon request.

The Code is based on a few basic principles: (i) the interests of our clients come before our interests and those of our personnel; (ii) the professional activities and personal investment activities of our personnel must be consistent with the Code and avoid any actual or potential conflict between the interests of clients and those of our firm or our personnel; (iii) the activities of our personnel must be conducted in a

way that avoids any abuse of any such person's position of trust with and responsibility to our firm and its clients; and (iv) our personnel may not engage in any act, practice or course of conduct that would violate the provisions of the federal securities laws.

## INTERESTED TRANSACTIONS

**Participation or Interest in Client Transactions.** We and our affiliates may have an interest in transactions for our advisory clients to the extent permitted by law and by the constituent documents of the applicable Account. For example, from time to time, we may take the following actions: (1) buy or sell instruments in which we or our related persons have an interest and (2) buy or sell instruments in which we, our related parties or other Accounts are at the same time effecting a sale or purchase. Furthermore, we may act as investment adviser for related persons. We have adopted policies and procedures with respect to permitted transactions with our affiliates designed to assure that our clients are treated fairly.

Various potential and actual conflicts of interest may arise from our overall advisory, investment and other activities and our affiliates and clients. These conflicts are explained more fully in the relevant Disclosure Document.

**Instruments in Which We or Our Affiliates Hold Interests.** We may, from time to time, recommend to or purchase or sell on behalf of clients, securities or other investment products in which we, our affiliates or other related persons have a financial interest.

We and our affiliates may receive fees from third parties for performing consulting, merger and acquisition structuring or other financial advisory services or acting as directors, officers or creditors' committee members. These fees can relate to actual, contemplated or potential investments of our clients. Such fees may be retained entirely by us or our affiliates.

**Proprietary Trading.** Our proprietary activities or portfolio strategies and those of our principals, affiliates and employees or the activities or strategies used for Accounts could conflict with the transactions and strategies employed for a client and affect the prices and availability of the instruments in which the client invests. Issuers of instruments held by the client may have publicly or privately traded securities in which we and our affiliates are investors or make a market. Our trading activities and those of our affiliates generally are carried out without reference to positions held directly or indirectly by Accounts and may have an effect on the value of the positions so held or may result in us and our affiliates having an interest in the issuer adverse to that of a client.

Notwithstanding the foregoing, all employees when trading for their own accounts will do so in accordance with our Personal Account Trading Policy (described below).

## PERSONAL TRADING

**Personal Securities Transactions.** Our policies require that our employees do not trade securities or commodities for their own account, except for (i) government and municipal securities, open-ended mutual funds and registered commodity pools, or (ii) otherwise with pre-approval from our compliance personnel. Without limiting the foregoing, we may permit an employee to maintain a position in a security even if an account trades the instrument. There is no current intention to change this policy, but the policy is subject to change in our sole discretion. The records of such trading, whether under the current or a new policy, are not made available to the clients for inspection.

**Insider Trading.** Our personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of our personnel and extends to their activities both within and outside their duties with us.

## **Item 12. Brokerage Practices**

### **INVESTMENT OR BROKERAGE DISCRETION.**

In selecting the brokers for performing portfolio executions, we take into account various factors, most notably, technology capabilities and systems capacity, and could also take into account such factors as the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other ancillary services, including the broker's willingness to provide "soft dollars". Accounts may pay more than the lowest available commission in consideration for our receipt of any or all of the above services. We assist in the selection of these service providers for our Funds and in the negotiation of related fees.

We are not required to allocate either a stated dollar or stated percentage of our brokerage business to any broker for any minimum time period, and we review brokerage relationships from time to time.

### **SOFT DOLLARS**

"Soft dollars" refers to the provision by brokers of services and equipment to an adviser as a consequence of the adviser directing the trading of accounts it manages through such broker. Solanas does not currently intend to maintain soft dollar arrangements.

### **TRADE ERRORS**

We reserve the right, depending on the circumstances, to decline to reimburse an Account for any clerical errors or mistakes with respect to our placing or executing trades for such Account ("Trade Errors"), as such errors may be considered by us to be a cost of doing business. However, we will reimburse such Account for any net loss from a material Trade Error resulting from our willful misconduct, bad faith, or gross negligence. As a general matter, Trade Errors that result in a *de minimis* loss are generally not considered to implicate the foregoing standard of conduct, and therefore any such *de minimis* loss will be borne by the client. We have a conflict of interest in determining whether a loss is *de minimis*. We, subject to our fiduciary obligations, will determine whether or not any Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. Our reimbursement of an Account for any particular Trade Error or Trade Errors will not constitute a waiver of any policy to cause such Account to bear the losses from such Trade Errors. We have an inherent conflict of interest with respect to the discovery and treatment of Trade Errors. Any net gain resulting from Trade Errors will be for the benefit of the client, and will not be retained by us. Though we attempt to correct trading errors committed by a broker as soon as they are discovered, we are not be responsible for poor executions or such trading errors.

### **TRADE AGGREGATION**

We aggregate and allocate trades as discussed in Item 6, "Performance-Based Fees and Side-by-Side Management – Side-by-Side Management."

### **Item 13. Review of Accounts**

Accounts are monitored and reviewed as follows: For each Account, the portfolio manager(s) monitor the performance of their respective Account(s) on an ongoing basis. On a daily basis our operations staff review and reconcile the positions and market value of each Account. In addition, a committee including legal, compliance, operations and finance staff meets periodically to review items related to trading in the Accounts.

We, either directly or through the third-party administrator to the Funds, provide the following reports to investors in our Funds: monthly statements, annual audit report for Funds, and for investors in U.S. Funds an IRS Schedule K-1. We may provide additional reports to the investors in the Funds as we deem necessary. Upon request, select Funds will provide weekly and monthly estimates to investors. Upon request, certain investors in a Fund may receive more frequent and/or more detailed information from us, in our sole discretion. Our investment staff is available for conference calls or meetings for those clients, investors or prospective clients or investors that wish to undertake a due diligence review of our operations.

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

For a discussion of Jefferies LLC and its London affiliate as placement agent, please see Item 10.

We may also, from time to time, have one or more arrangements in place with unaffiliated placement agents. Investors solicited by such placement agents will be informed of any placement fee paid by us to the placement agent, and will be informed of any placement fee to be paid by the investor, each to the extent required by law.

We do not direct brokerage for client referrals.

### **Item 15. Custody**

We are typically deemed to have custody of the assets of certain of our Funds since we serve as managing member of those Funds. Investors will not receive statements from the Funds' custodian with regard to portfolio holdings and transactions. Instead, the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year ends.

In the event that we provide services to SMA clients, we do not expect to have custody.

**Item 16. Investment Discretion**

We have full discretionary authority with respect to investment decisions, and our advice with respect to the Accounts is provided in accordance with the investment objectives and guidelines as set forth in the Disclosure Documents.

**Item 17. Voting Client Securities**

We may be responsible for voting on shareholder proxies and may do so only in accordance with the Division's Proxy Voting Procedures. The Division owes each of its clients a duty of care and loyalty with respect to proxy voting and will act in a manner believed to maximize the value of client's holdings.

**Item 18. Financial Information**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding. We do not require any payment in advance.

## Item 19. Privacy Policy

# Jefferies

### Your Privacy is Important to Us

At Leucadia Asset Management LLC, we understand that our relationship with you is based on trust. This is reflected in everything we do including the way we handle our clients' nonpublic personal information. The following disclosure explains what personal information we collect, what we do with that information and the steps we have put in place to protect the nonpublic personal information you have entrusted to us.

### Information We Collect

From time to time, we gain access to your personal information through

- Our interaction with you on the telephone, in person or through e-mail
- Account Applications or other forms you complete
- Transactions in your accounts or on your behalf
- Our website or the websites of our affiliated companies
- Trading tools or other information tools we may make available to you
- Third parties with whom we deal, such as consumer-reporting agencies, to verify information we receive from you and your credit worthiness

### Information We Disclose

Subject to legal, regulatory or other governmental requirements, it is our policy not to disclose any of your nonpublic personal information to third parties without your consent, unless those parties are providing services or support to us and have agreed to keep your nonpublic personal information confidential. Examples of these parties include, but are not limited to, the Fund administrator, attorneys and accountants and affiliates thereof. Even if you cease to transact business with us, we will continue to apply the same protections to your nonpublic personal information as we did when you were an active client.

### The Jefferies Family of Companies

Leucadia Asset Management LLC is a member of a family of related companies which are owned in whole or in part by Jefferies Group LLC. These affiliated companies allow us to provide greater value to our customers, employees and shareholders. In the course of our business, employees or representatives of various affiliates will have access to your nonpublic personal information. They have agreed to hold your information confidential and to comply with the privacy policy established by Leucadia Asset Management LLC.

### Protecting Your Information

Leucadia Asset Management LLC protects your nonpublic information from access by third parties by maintaining physical, electronic and procedural safeguards. We limit access to your information to those

employees who are trained in the proper handling of nonpublic client information and who need access to the information to perform their job functions.