

**FORM ADV PART 2A: FIRM BROCHURE**

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**WEATHERVANE ASSET MANAGEMENT LLC**

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**January 28, 2021**

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**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF WEATHERVANE ASSET MANAGEMENT LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (516) 305-9438. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.**

**ADDITIONAL INFORMATION ABOUT WEATHERVANE ASSET MANAGEMENT LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

**REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.**

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## **MATERIAL CHANGES**

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As Weathervane Asset Management LLC (“Weathervane” or the “Manager”) has not previously filed a firm brochure with the U.S. Securities and Exchange Commission (“SEC”), there are no material changes to be disclosed to this brochure at the present time.

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## ADVISORY BUSINESS

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Weathervane is a Florida-based investment advisory and management firm, founded in 2020. Kevin Chen is the managing member and principal owner (the “Manager Executive”) of Weathervane.

Weathervane provides advisory services to special purpose investment entities organized as series limited liability companies (each, a “Client,” and collectively, the “Clients”<sup>1</sup>), each series (each a “Series” and, collectively, the “Series”) of which is created to acquire restricted securities of a specific issuer (“Portfolio Securities”). The Clients may also invest securities in money-market funds. The specific structure and characteristics of each Client will be described in greater detail in the organizational documents and subscription materials for the applicable Client (the “Operating Agreement”). Affiliates of Weathervane serve as the managing members to the Clients.

Because Weathervane’s advisory business is expected to be limited to providing advice to the Clients in accordance with their respective governing documents, and because the investments of each Client are generally limited to securities of specified Portfolio Securities that will be identified to prospective Client investors (each a “Member”) prior to their investment, Weathervane generally does not intend to tailor its advisory services to the individual needs of the Members of any Client.

As of the date hereof, Weathervane advises approximately \$0 in client regulatory assets undermanagement on a discretionary basis. Weathervane is currently exempt from registration in the state of Florida and anticipates it will be eligible to be registered with the SEC within 120 days of the effective date of this registration.

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## FEES AND COMPENSATION

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**Management and Performance Fees.** The fees to be paid to Weathervane (and/or its affiliates) by each Client will be separately negotiated with each Client entity, but are generally expected to include:

- (i) a management fee (the “Management Fee”) equal to two percent (2%) of the gross proceeds of a Client’s offering and any follow-on offering and/or additions to capital over the life of a Client; and
- (ii) (ii) a performance-based distribution (the “Performance Fee”) generally equal to a ten percent (10%) of the distributions made to the investors in the Client, after the investors have received a return of their invested capital contributions to the Client, as described in “*Performance-Based Fees and Side-by-Side Management*” below.

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<sup>1</sup> As an SEC-registered investment adviser, Weathervane owes a fiduciary duty to all of its investment advisory clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an investor in the fund.

**Administrative Fees.** Weathervane shall pay each Client's operating expenses, including, but not limited to, investment expenses (e.g. brokerage commissions, clearing and settlement expenses, custodial fees), legal expenses, internal and external accounting, audit and tax preparation expenses, costs of printing and mailing reports and notices to investors, costs of third party administrators, consultants, and extraordinary expenses, if any (the "Administrative Fees"). An expense of up to \$75,000 per year will be assessed per Series (including all sub-Series).

The specific compensation payable to Weathervane (and/or its affiliates) with respect to a particular Client, or Series, will be separately negotiated and tailored with respect to the underlying investment opportunity or opportunities and may vary between Clients or Series, as applicable. The calculation, timing and amount such compensation, as well as any adjustments to be made to such amounts, is agreed upon by the Client and Weathervane, and set out in the Operating Agreement of the Client. Weathervane generally may waive, modify or reduce the management fee with respect to any investor or class of Members in a Client.

Fees are paid by the Client and may be paid out of cash that is otherwise distributable to the investors in the Client, including cash held by the Client after the disposition of an investment and before the proceeds are distributed to investors (*i.e.*, deducted from the assets of the Client), or from other cash reserves or income streams held by the Client.

**INVESTORS AND PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE ORGANIZATIONAL AND SUBSCRIPTION DOCUMENTS OF THE APPLICABLE CLIENT FOR FURTHER INFORMATION ABOUT THE FEES CHARGED TO INVESTORS. SUCH DOCUMENTS ARE AVAILABLE ONLY TO PROSPECTIVE INVESTORS WHO ARE ELIGIBLE TO INVEST IN SUCH FUND, AS DETERMINED IN THE SOLE DISCRETION OF WEATHERVANE.**

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## **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Weathervane or an affiliate of Weathervane (typically in its capacity as the managing member or equivalent of a Client) is entitled to receive performance-based "carried interest" distributions from a Client upon distribution of the proceeds from the Client's realized investments, as described in greater detail in the Client's Operating Agreement. Generally, these distributions (if any) are determined after the investors in the Client have received distributions in an amount generally equal to a return of capital.

Weathervane generally may waive, modify or reduce the carried interest or other performance-based compensation due to Weathervane (and/or its affiliates) with respect to any Member or class of Members in a Client.

**Conflicts of Interest Related to Performance-Based Compensation.** Performance-based fees in general (including the payment of performance-based fees at varying rates) creates an incentive for Weathervane or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. Generally, and except as may be otherwise set forth in the Operating Agreements of the Clients, this conflict is mitigated because the investments of each Client are generally limited to securities of specified Portfolio Securities that will be identified to prospective Members prior to their investment.

Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by Weathervane.

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## **TYPES OF CLIENTS**

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As of the date hereof, Weathervane provides investment advice exclusively to the Clients, which are “private funds” under the regulations adopted by the SEC. The minimum investment for such funds in \$100,000 though Weathervane may accept lesser amounts in its sole discretion.

Interests in the Clients will be offered privately to a limited number of sophisticated investors, including institutional investors, pooled investment vehicles, privately-owned businesses, trusts, family offices and high net worth individuals. The investment terms applicable to each Client will be subject to customization and negotiation based on various factors, including (without limitation) the size and structure of the underlying investment opportunity, the estimated time horizon for the investment, the available investment capacity and sources of financing, specific eligibility conditions or restrictions upon investors, and other considerations. However, Members generally must qualify as (i) “accredited investors,” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, and (ii) “qualified clients,” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended.

Weathervane and its affiliates may enter into separate agreements, commonly referred to as “side letters,” with certain Members, which would have the effect of establishing rights under, altering, or supplementing the terms (including the economic terms) of the governing documents of the Client, in a manner more favorable to such investor than those applicable to other Members. Such rights or terms pursuant to such agreements may include, without limitation, access to additional information, more favorable liquidity and/or transfer terms, or other rights or terms deemed necessary in light of particular legal, regulatory or tax characteristics of an investor.

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## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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Weathervane provides advisory services to special purpose investment entities organized as series limited liability companies each Series of which is created to acquire Portfolio Securities (as further defined below). In addition to the foregoing, Weathervane is authorized to make purchases in any other select company or companies deemed to be suitable by Weathervane in its sole discretion (all such securities are collectively referred to as “Issuer Securities” and the issuers thereof are collectively referred to as the “Issuers”). Such purchases may be accomplished through direct purchases from the holders thereof, through investments in the purchases of various funds, limited liability companies, limited partnerships or other entities or the Issuers if possible (each a “Fund” and, collectively with the Issuer Securities, the “Portfolio Securities”), and/or any other means Weathervane in its sole discretion so determines, including, but not limited to, through the entry of a forward contract or economic interest agreement with the holder(s) of any Portfolio Securities, without regard to excessive concentration or balance, and may, at its sole discretion, pursue opportunities for liquidity in the Portfolio Securities by any method available.

**INVESTORS AND PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE ORGANIZATIONAL AND SUBSCRIPTION DOCUMENTS OF THE RELEVANT CLIENT AND ALL RELATED MATERIALS RELATING TO THE ASSOCIATED UNDERLYING PORTFOLIO SECURITIES INVESTMENT OPPORTUNITY FOR FURTHER DISCUSSION OF THE CLIENT'S INVESTMENTS AND TERMS. SUCH DOCUMENTS ARE AVAILABLE ONLY TO CURRENT MEMBERS OR PROSPECTIVE MEMBERS WHO ARE ELIGIBLE TO INVEST IN SUCH CLIENT ENTITIES, AS DETERMINED IN THE SOLE DISCRETION OF WEATHERVANE.**

### **CERTAIN RISK FACTORS.**

#### **NO ASSURANCE OF PROFIT, CASH DISTRIBUTIONS OR APPRECIATION.**

There is no assurance that an investment in an Issuer and/or a Fund, once made by a Client, will be profitable or will have economic value. There is no assurance that a Client's investments will be profitable and there is a substantial risk that the Client's losses and expenses will exceed its income and gains. Consequently, there can be no assurance that a Client's investments will result in distributions to the Members, or that the Client will be able to liquidate its investments on favorable terms.

#### **THERE CAN BE NO ASSURANCE THAT A CLIENT WILL BE ABLE TO PURCHASE AND/OR SELL PORTFOLIO SECURITIES AND/OR FUNDS AT ADVANTAGEOUS PRICES, IF AT ALL, OR THAT IT WILL ACHIEVE ITS INVESTMENT OBJECTIVE. MEMBERS MAY LOSE THEIR ENTIRE INVESTMENT.**

There can be no assurance that a Client will be successful in purchasing and/or selling Portfolio Securities and/or Funds at advantageous prices, if at all, or that any investment by a Client in Portfolio Securities, will prove to be profitable. Members should be aware that there is a risk that the applicable Client may not be able to locate and/or purchase Portfolio Securities at prices that are advantageous or at any price and they may lose their entire investment in the Client. If a Client does not make any investment in Portfolio Securities, the Company will dissolve in accordance with the Operating Agreement. In addition, the holdings of a particular sub-Series may consist of Portfolio Securities or of entities holding Portfolio Securities that have been purchased by the Manager at different prices. To the extent this occurs, Members subscribing for interests in a particular Sub- Series will participate in all existing investments made in the Series and consequently all Members will ultimately have an interest in all Portfolio Securities held by such Series (or sub-Series) that reflect a blended purchase price of all such Portfolio Securities purchased in such Series (or sub-Series). Moreover, even if the Client is able to purchase Portfolio Securities, there can be no assurances it will be able to directly and/or indirectly sell such securities at prices above that paid by the Client, if at all. Accordingly, Member interests should represent only a small portion of a Member's overall investment portfolio and net worth as the purchase of Member interests is a highly risky investment and the Member could lose their entire investment.

#### **IF A CLIENT ENTERS INTO ANY FORWARD CONTRACT(S) OR ECONOMIC INTEREST AGREEMENT(S) FOR THE PURCHASE OF PORTFOLIO SECURITIES, IT MAY EXPOSE ITSELF AND MEMBERS TO UNEXPECTED RISKS AND POTENTIAL LOSSES.**

The purchase of any Portfolio Securities may be accomplished by means of a contract with a prospective seller for the purchase of any such Portfolio Securities at a future date, subject to the satisfaction of certain conditions, otherwise known as a "Forward Contract" or an "Economic Interest Agreement". The closing on any Forward Contract or Economic Interest Agreement which a Client will enter into will

typically require the satisfaction and removal of any transfer restrictions which any Portfolio Securities may be subject at the time of entering into the Forward Contract or Economic Interest Agreement. Any Forward Contract or Economic Interest Agreement we enter into will be individually negotiated and non-standardized. Until such time as any Portfolio Securities subject to a Forward Contract or Economic Interest Agreement are transferred, we are subject to default risk and, if an event of default occurs, we may have to incur additional costs to enforce the contract. These factors could subject us to increased costs and/or loss of an investment.

#### **CONCENTRATION OF INVESTMENT.**

Each Client was formed for the purpose of purchasing Portfolio Securities without regard to excessive concentration, balance or other limitations normally associated with portfolio management practices. A Client may have all or a majority of its proceeds invested directly and/or indirectly in one or a limited number of Portfolio Securities. Given the potential concentration of a Client's investments, and the potential concentration of any Client's investments, the value of an investment in the Client may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence than would be the case if the Client's investments were more diversified.

#### **NO CONTROL OVER THE ISSUERS, ISSUER SECURITIES AND/OR ANY FUNDS OR THEIR RESPECTIVE CURRENT OR FUTURE VALUATIONS.**

Each Client will be an owner of restricted securities of the Issuers and/or Funds and will have no control over any Issuers and/or any Funds. Further, the value of a Client's investment in any Issuer Securities and/or Funds, will be dependent upon the performance of the Issuers. A Client has received no disclosure from the Issuers and it has not received, nor does it have access to, any public or non-public, verifiable information that would allow it to justify the current or future valuations of any Portfolio Securities it purchases. A Client will not have any control over the management of any Issuer or any Fund and the success of any investments it makes in Portfolio Securities depends, in large part, on the ability and success of the management of any Issuer and/or any Fund, in addition to economic and market factors. The Issuer's services or products that are not yet developed or ready to be marketed or that have no established market, may be operating at a loss or have significant fluctuations in operating results, may be engaged in a rapidly changing business, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or otherwise may have a weak financial condition. There is a limited, negotiated market for Portfolio Securities and the prices at which Portfolio Securities may be purchased by a Client is individually negotiated with each seller of Portfolio Securities. Accordingly, valuations may fluctuate considerably and the purchase price of the Portfolio Securities that are negotiated by a Client may bear limited or no relationship to future valuations of such Portfolio Securities or the specific Issuer in any market that may develop for the Portfolio Securities, whether private or public.

#### **THE COMPETITION FOR INVESTMENT IN ISSUERS IS INTENSE.**

Each Client is aware that there are many other entities and persons that have invested and are seeking to raise capital to invest in Portfolio Securities, many of which have substantially more funds than the applicable Client may have. Such competition may limit a Client's ability to acquire Portfolio Securities at advantageous prices, if at all, which may, in turn, result in a reduction on the return on Members' investments or a complete loss of the Members' investments.



## **LIMITED LIQUIDITY OF PORTFOLIO SECURITIES.**

In the event that the Manager determines (in its sole discretion) to make distributions of Portfolio Securities (which such distribution shall be subject to and limited by federal and state securities laws), there is no current market through which the Portfolio Securities may be sold, and even if there were such a market, the transfer and/or sale of Portfolio Securities would be subject to significant restrictions. In addition, the Portfolio Securities will not be registered under Federal securities laws or qualified under any state securities law and are being sold in reliance upon exemptions under such laws. Unless the Portfolio Securities are registered for resale with the Securities and Exchange Commission (the "SEC") and any required state authorities, or an appropriate exemption from registration is available, Members who receive Portfolio Securities in any distribution by the applicable Client may be unable to liquidate such securities, even though his or her personal financial condition may dictate such liquidation. Moreover, the resale of any Portfolio Securities following a distribution of Portfolio Securities will be subject to Rule 144 of the Securities Act and Members intending to sell Portfolio Securities distributed to them by the Client may be required to aggregate their sales of Portfolio Securities with sales made by the Client and other Members for some period of time following the distribution of such securities by the Client. Therefore, prospective Members who require liquidity in their investments should not invest in a Client.

## **NO ASSURANCE OF AN INITIAL PUBLIC OFFERING OR OTHER LIQUIDITY EVENT IN ANY PORTFOLIO SECURITIES.**

Although investments in Portfolio Securities may offer the opportunity for gains, such investments involve a high degree of business and financial risk that can result in substantial losses. The Manager currently intends to disburse any Portfolio Securities in a particular Series to Members of such Series in the event of an initial public offering or direct listing by an Issuer after the expiration of any applicable restriction period. However, no public market exists for any Portfolio Securities and no assurance can be given that an initial public offering or other liquidity event will be consummated by the Issuer in the future. Changes in the securities markets and general economic conditions, including economic downturns, fluctuations in interest rates, the availability of credit, inflation, and other factors may affect the value of investments of the Client. The market for public offerings is cyclical in nature and, accordingly, there can be no assurance that the securities markets will, at any point in time, be receptive to public offerings. Due to the illiquid nature of many of the investments a Client makes, the Manager is unable to predict with confidence what, if any, exit strategy will ultimately be available for any given investment. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. For example, there may not be an active market for initial public offerings of securities, so a Client may not be able to realize an exit through the public markets. If such an event does not occur, Members may lose their entire investment.

## **RELIANCE ON THE MANAGER; MEMBERS HAVE NO VOTING OR DISPOSITIVE POWER OVER THE ISSUER SECURITIES.**

All decisions regarding management of a Client including, but not limited to, the purchase price of Portfolio Securities and which to sell and at what price the Portfolio Securities, will be made by and in the sole discretion of the Manager, and the Members will have no right to take part in the management of the Client. All rights, preferences, privileges and restrictions with respect to the Portfolio Securities, including registration rights and other decisions that holders of Portfolio Securities may have, will belong to the Client and will be the sole responsibility of and made by the Manager in its sole discretion.

and the Members will have no ability to make any decisions with respect thereto. No Member will have the right to either vote or dispose of any of the Portfolio Securities owned by a Client. The determination to make distributions, whether in cash, in kind, or a combination thereof, will be made at the sole discretion of the Manager, even if the Portfolio Securities have been registered for resale under the Securities Act. In addition, no Member will have the right to withdraw all or any amount of its investment in the Client (either in cash or in the form of Portfolio Securities) at any time without the prior consent of the Manager, which consent may be withheld for any reason or no reason. Accordingly, no party should make any investment in a Client unless such party is willing to entrust all aspects of the Client's management to the Manager.

**THE OPERATING AGREEMENT FOR EACH CLIENT PROVIDES FOR THE PAYMENT BY THE CLIENT OF FEES AND EXPENSES OF ORGANIZING THE CLIENT AND THE OFFERING AND ALSO THE FEES AND EXPENSES OF THE MANAGER, INCLUDING, BUT NOT LIMITED TO MANAGEMENT FEES AND ADMINISTRATIVE FEES, WHICH WILL REDUCE THE AMOUNT OF FUNDS AVAILABLE TO INVEST IN PORTFOLIO SECURITIES. THE ADMINISTRATIVE FEES WILL BE ALLOCATED AMONG THE SERIES BY THE MANAGER IN ITS DISCRETION. THERE CAN BE NO ASSURANCE THAT A CLIENT WILL BE ABLE TO EARN SUFFICIENT INCOME TO OFFSET THESE CHARGES.**

Pursuant to the Operating Agreement, unless otherwise set forth in a Series designation, a Client is obligated to pay to the Manager certain fees and expenses, including, but not limited to, the costs and expenses associated with organization of the Client, the Management Fee and the Administrative Fees. An expense of up to \$75,000 per year will be assessed per Series (including all sub-Series). For clarification, if there is more than one purchase of Portfolio Securities per Issuer which results in the creation of a sub-Series, all sub-Series associated with a single Issuer will have a combined maximum expense of \$75,000 per year per Series. The Manager intends on creating a reserve per Series (including any sub-Series) sufficient to cover expenses for a period of two years, or an aggregate of \$150,000, to cover Administrative Fees. In the event a liquidity event does not occur within 24 months and the Client does not use all of the reserves set aside to cover the Administrative Fees during this two-year period, the Manager intends on using any excess reserves to cover any additional Administrative Fees which the Client may incur until a liquidity event takes place. In the event a liquidity event occurs for a particular Series (or any sub-Series) and the Client has not used all of the reserves previously set aside to cover Administrative Fees, such reserves will be returned to the Members of a Series or Series' on a pro rata basis upon such liquidity event. Amounts reserved for Administrative Fees will not be available for the purchase of Portfolio Securities. A Client will also be obligated to pay out of the gross proceeds of the offering the fees and expenses of the offering, including initial legal expenses of up to \$50,000 (excluding any fees payable for the registration or qualification of the Securities being sold hereunder). Such fees and expenses will be out of the gross proceeds of the offering and accordingly, such funds will not be available to purchase Portfolio Securities. A Client may incur additional legal costs in the future, including any costs associated with the acquisition of Portfolio Securities by a Series (or Sub-Series) of the Client. In addition to the fees set forth above, the Manager may be entitled to a Performance Fee (after the Members receive their applicable distribution as set forth in the Operating Agreement). The Performance Fee payable to the Manager may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. There can be no assurance that a Client will be able to earn sufficient income to offset these charges. As a result of the foregoing, Members will not be able to recoup any of

their investment in the Client until such time as the Client has generated income or the assets of the Client have a value in excess of such fees and expenses. There can be no assurance that there will be any profits from the investment contemplated herein or that the Manager will have the incentive to actively develop a profit through the management of the Portfolio Securities.

#### **LIMITATION ON LIABILITY; INDEMNIFICATION.**

The Operating Agreement of each Client contains limitations on the liability of the Manager and its affiliates for any action taken, or any failure to act, on behalf of the Client unless there shall be a judgment or other final adjudication adverse to such Manager establishing that the Manager's acts or omissions of any such person which were taken or omitted in bad faith or constituted intentional misconduct, fraud and/or gross negligence but only if any such conduct is found by a court of competent jurisdiction after the time to bring all appeals has run. The Operating Agreement also provides for indemnification of the Manager and its affiliates and advance or reimbursement of expenses for any losses for which the Manager or its affiliates is absolved from liability under the terms of the Operating Agreement.

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**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED WITH WEATHERVANE'S AND ITS CLIENTS' INVESTMENT OBJECTIVES OR AN INVESTMENT IN ANY CLIENT. THE UNDERLYING PORTFOLIO SECURITIES IN WHICH CLIENTS INVEST MAY BE SUBJECT TO UNIQUE RISKS AND CONSIDERATIONS NOT DISCUSSED HEREIN. PROSPECTIVE MEMBERS MUST CONSULT THEIR OWN ADVISERS BEFORE DECIDING WHETHER TO MAKE SUCH AN INVESTMENT. MEMBERS AND PROSPECTIVE MEMBERS SHOULD CAREFULLY REVIEW THE ORGANIZATIONAL AND SUBSCRIPTION DOCUMENTS OF THE APPLICABLE CLIENT, TOGETHER WITH ALL INFORMATION PROVIDED BY OR ON BEHALF OF WEATHERVANE WITH RESPECT TO THE ASSOCIATED PORTFOLIO SECURITIES OR OTHER INVESTMENTS, BEFORE DECIDING WHETHER TO INVEST. SUCH DOCUMENTS ARE AVAILABLE ONLY TO CURRENT MEMBERS OR PROSPECTIVE MEMBERS WHO ARE ELIGIBLE TO INVEST IN SUCH ENTITIES, AS DETERMINED IN THE SOLE DISCRETION OF WEATHERVANE.**

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#### **DISCIPLINARY INFORMATION**

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Weathervane is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Weathervane or the integrity of Weathervane's management. On December 7, 2020, Weathervane's financial industry affiliate, PHX Financial, Inc., sent a Letter of Acceptance, Waiver, and Consent (AWC) to the FINRA Department of Enforcement regarding settlement of allegations that PHX Financial, Inc. engaged in excessive and unauthorized trading and charged excessive commissions. As a result, PHX Financial, Inc. was censured, fined, and ordered to pay interest in restitution to two customers as well as review its supervisory systems and Written Supervisory Procedures (WSPs) regarding supervision of excessive trading. No management person of Weathervane was named or the subject of the AWC and Weathervane does not believe that this matter is material to a client's evaluation of Weathervane or the integrity of Weathervane's management.

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## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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**PHX Financial, Inc. (d/b/a Phoenix Financial Services).** PHX Financial Inc., a registered broker-dealer, FINRA member, and financial industry affiliate of Weathervane, acts as a non-exclusive placement agent (the “Placement Agent”) to the Clients. The Placement Agent and the Manager have entered into a written agreement whereby the Placement Agent has undertaken to refer and/or contact those persons and organizations whom it believes may wish to invest in a Client, and to recommend to such persons that they entertain a proposal for such Client investment by Weathervane. In return, Weathervane will share up to 40% of its Performance Fees with the Placement Agent. The Manager Executive of Weathervane is the chief executive officer and a registered representative of the Placement Agent.

The relationships between the Manager Executive, Weathervane, a Client and the Placement Agent could create a conflict of interest. Weathervane and related parties seek to resolve these conflicts in as equitable a manner as possible under the prevailing facts and circumstances and the relationship between Weathervane and the Placement Agent is disclosed to prospective Members of a Client. Nevertheless, there is no assurance that any such conflicts will be resolved in a manner advantageous to a Client.

**Other Activities of Manager Executive and Weathervane Personnel.** The Manager Executive and other personnel of Weathervane may engage in other activities and allocate their time, services and functions between various existing enterprises and future enterprises.

Personal trading by Manager Executive and other personnel of Weathervane will be subject to Weathervane’s Code of Ethics and personal trading policy, which seeks to mitigate potential conflicts of interest related thereto. See “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*,” below.

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## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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**Code of Ethics.** In connection with its registration, Weathervane will implement a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics will include provisions relating to the standards of business conduct required of Weathervane employees, personal securities trading procedures, and reporting of violations of the Code of Ethics, among other things. All supervised persons will be required to acknowledge the terms of the Code of Ethics annually, or as amended. A copy of Weathervane’s Code of Ethics may be obtained from its Chief Compliance Officer.

**Personal Trading.** Weathervane’s personnel, including the Manager Executive, will be required to follow Weathervane’s Code of Ethics in connection with their personal trading activities. Subject to satisfying this policy and applicable laws, officers, directors and employees of Weathervane and its affiliates may be permitted to trade for their own accounts and participate in transactions involving securities that are purchased for clients. The Code of Ethics will be designed to assure that the personal transactions, activities and interests of the employees of Weathervane will not interfere with (i) making

decisions in the best interest of the Clients and (ii) implementing such decisions while at the same time allowing employees to invest for their own accounts. The Code of Ethics will require pre-clearance of certain transactions (including investments in private placements) for the personal securities accounts of Weathervane's "access persons" by the Chief Compliance Officer or his designee, and will require that the interests of the Clients be placed ahead of those of Weathervane employees in their personal trading. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest, directly or indirectly, in the same securities as the Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading will be regularly monitored under the Code of Ethics, in an effort to prevent conflicts of interest between Weathervane and the Clients.

**Participation or Interest in Client Transactions.** As a matter of policy, Weathervane does not cause one Client to effect transactions in which such Client purchases securities or other instruments from, or sells securities or other instruments to, another Client (i.e., cross trades) or to Weathervane or its principals or affiliates (i.e., principal trades), or in which Weathervane or one of its affiliates acts as broker for both the client and the other party to the transaction (i.e., agency cross transactions).

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## **BROKERAGE PRACTICES**

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In the event that Weathervane purchases or sells publicly traded securities on behalf of its Clients, it may use the services of a broker-dealer or prime broker, and may also use broker-dealers in identifying and effecting a Client's private investment transactions. In such event, Weathervane (including, for purposes of this section, any affiliate thereof) will select the broker-dealers used to execute transactions on behalf of such Client.

Where applicable, Weathervane generally will have discretion to select different brokers to be used for each transaction for its Clients and to negotiate the rates and commissions its Clients will pay. When engaging the services of brokers, Weathervane may, subject to best execution, take into consideration a variety of factors, including, to the extent applicable, the ability to achieve prompt and reliable execution of transactions, competitive pricing, transaction costs, operational efficiency with which transactions are effected, access to deal flow and precedent transactions, and the financial stability and reputation of the particular broker, as well as other factors that Weathervane deems appropriate to consider under the circumstances. Brokers may provide other services that are beneficial to Weathervane and its affiliates, but that are not necessarily beneficial to the Clients (or which may be beneficial to certain Clients but not others), including capital introductions, other marketing assistance, client and personnel referrals, consulting services, and research-related services. These other services and items may influence Weathervane's selection of brokers.

**Research and Other Soft Dollar Benefits.** Weathervane currently has no soft dollar arrangements with any broker in connection with securities transactions undertaken on behalf of the Clients. However, Weathervane may receive proprietary research from broker-dealers used to effect securities transactions. To the best of Weathervane's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Weathervane will not separately compensate such broker-dealers for the research and does not pay higher transaction costs to receive such services.

**Aggregation and Allocation of Client Orders/Investments.** Since the Portfolio Securities investments in which Weathervane seeks to invest for the Clients are not shared between multiple Clients, Weathervane does not currently anticipate making allocations of investments among multiple Clients, but

may do so in the future (in which event Weathervane will adopt policies and procedures for fairly and equitably allocating such shared investment opportunities among its eligible clients).

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## REVIEW OF ACCOUNTS

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**Account Reviews.** The investments made by Weathervane on behalf of its Clients are generally illiquid and long-term in nature. These investments are regularly reviewed by Weathervane's Manager Executive to evaluate performance and to monitor for any changes in the assumptions and objectives underlying Weathervane's investment decision. Investments may be subject to more frequent or detailed reviews when deemed appropriate due to developments with Portfolio Securities or in response to broader market circumstances.

**Client Reporting.** Weathervane will furnish audited financial statements annually to all Members in a Client.

While the foregoing describes Weathervane's general review and reporting expectations with respect to the Clients, Weathervane may agree to different review and reporting schedules with the Members in particular Clients, in Weathervane's sole discretion.

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## CLIENT REFERRALS AND OTHER COMPENSATION

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**Client Referrals.** Weathervane does not currently compensate any third parties for client referrals. However, Weathervane has engaged the Placement Agent on a non-exclusive basis as discussed in *Other Financial Industry Activities and Affiliations* above.

**Receipt of Compensation.** Weathervane does not accept economic benefits from a person who is not a Client for providing investment advice or other advisory services to a Client. See "*Fees and Compensation*" above.

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## CUSTODY

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Weathervane is deemed to have "custody" of the funds and securities of the Clients, within the meaning of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). To the extent a Client holds other funds or securities (not otherwise exempt from such requirement) over which Weathervane is deemed to have "custody" under the Custody Rule, such funds and securities will be maintained at one or more "qualified custodians." A "qualified custodian" generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC-registered broker-dealer, or a foreign financial institution that holds segregated customer assets. An independent public accountant will audit the Clients on an annual basis, and copies of the audited financial statements will be sent to the Members in the Client, as described above in "*Review of Accounts*."

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## **INVESTMENT DISCRETION**

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Clients will make investments in the Portfolio Securities of identified underlying Issuers which will generally be identified to prospective Client Members at the time of an investment by Members in the Client. However, depending on the terms of the applicable Client, Weathervane may be granted a degree of investment discretion with respect to subsequent decisions related to such investments as well as other investments. Any such investment authority, if applicable, generally will be granted to Weathervane (and/or its affiliates) at the outset of the advisory relationship through the governing documents of the applicable Client and will be exercised in a manner consistent with the investment objectives and governing documents of the Client, including any applicable consent or notice rights.

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## **VOTING CLIENT SECURITIES**

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Weathervane (and/or its affiliates) generally will control any voting or consent rights associated with the investments made on behalf of the Clients. In the event that Weathervane receives a proxy with respect to any such securities, Weathervane will implement policies and procedures which it believes are reasonably designed to (i) ensure that it votes proxies in the interests of the Client and (ii) recognize and resolve any material conflicts of interest that may arise in the course of such voting. If Weathervane determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Weathervane will take action in accordance with the governing documents of the applicable Client, or as otherwise determined by Weathervane to be in the best interest of the relevant Client in voting such proxy.

Clients may obtain a copy of Weathervane's complete proxy voting policies and procedures and information about how Weathervane voted any proxies on their behalf by contacting Weathervane's Chief Compliance Officer.

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## **FINANCIAL INFORMATION**

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Weathervane is required to provide you with certain financial information or disclosures about its financial condition. Weathervane has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Clients, and has not been the subject of a bankruptcy proceeding.