

FIRM BROCHURE

BRACKBILL CAPITAL, LLC

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CRD Number: 311976

This brochure provides information about the qualifications and business practices of Brackbill Capital, LLC. If you have any questions about the information contained in this brochure, please contact us at (214) 642-4088. 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.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering and/or governing documents and other similar materials that contain a description of the material terms relating to such investment, products or services.

Additional information about Brackbill Capital, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

February 15, 2021

Item 2: Material Changes

This is our initial firm brochure filing in connection with our application to register as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended. As a result, there are no material changes to report or disclose in response to this item.

The information set forth in this brochure is qualified in its entirety by the applicable offering, account and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering, account and/or governing documents, such offering, account and/or governing documents will control.

We encourage all clients and investors to carefully review this document and/or any other applicable disclosure and account documents in their entirety.

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Item 4: Advisory Business

FIRM DESCRIPTION

Brackbill Capital, LLC, a Texas limited liability company and private investment advisory firm (“Brackbill Capital”), was formed in December 2020. We will provide investment advisory, management and other services to separately managed accounts of advisory clients and other persons and entities.

Our investment advice, investment advisory, management and other services will be provided to each applicable client in accordance with the investment objectives, strategies, guidelines, restrictions and limitations set forth in the applicable offering, governing and/or account documents, and the information and disclosures in this brochure will be qualified in their entirety by the information and disclosures set forth in such other documents.

PRINCIPAL OWNERS

We are wholly owned and controlled, directly or indirectly, by Robert Marshall Brackbill, Jr.

TYPES OF ADVISORY SERVICES

We will provide or perform investment advisory, management and other services to separately managed accounts of advisory clients with respect to investments in securities, financial instruments, private investments, pooled investment vehicles (“Underlying Funds”) managed, sponsored and operated by third-party investment advisers or managers (“Underlying Managers”) and other assets. Our advisory services will be provided in accordance with the terms, conditions, guidelines and limitations set forth in the investment advisory or management agreement or other agreement between each client and us, and such agreements can be on a discretionary or non-discretionary basis (or a combination thereof). We also provide or may provide consulting, administrative, financial planning, family office and/or other types of non-advisory services to certain advisory clients and/or other persons and entities. **See Item 8 below.**

INVESTMENT RESTRICTIONS

We will provide and tailor our investment advisory and management services with respect to clients in accordance with the guidelines, objectives, restrictions, financial circumstances, risk tolerance and policies of each client and the applicable terms and conditions set forth in the applicable advisory or management agreement with such client. Subject to our approval, clients generally may impose reasonable restrictions and limitations on our advisory, management and other services.

REGULATORY ASSETS UNDER MANAGEMENT

As of the of this brochure, we did not have any regulatory assets under management to report or disclose in response to this item.

Item 5: Fees and Compensation

SUMMARY OF FEE SCHEDULE

In consideration of our advisory and other services, we generally will be entitled to receive advisory and/or management fees, incentive or performance-based fees and other compensation from or with respect to our clients. While the specific fees and expenses applicable to each advisory client will be set forth in detail in the applicable investment advisory or management agreement with such client, a brief overview of our fee schedule is set forth below. The following description is qualified in its entirety by the applicable account and governing documents of or applicable to each client.

In general, we will be entitled to receive asset-based advisory or management fees from or in respect of each of our advisory clients, typically ranging from 0.3% to 2.0% per annum of the asset value of such client's advisory account. Fees generally will be charged and payable quarterly in advance based upon the asset value of each client's advisory account as of the end or beginning of the applicable quarterly period. The fees (including the applicable advisory fee percentage) with respect to each advisory client may vary or differ from other advisory clients based upon various relevant factors or considerations deemed or considered to be applicable in our discretion, such as the size of an advisory account and the type, nature and/or extent of the services provided by us with respect to an advisory account.

We may also be entitled to receive (or we may receive) from time to time performance-based compensation or incentive fees from or in respect of an advisory client pursuant to the terms and conditions set forth in the applicable advisory or management agreement between us and such advisory client. Any such performance-based fees in respect of an advisory client will be negotiated and determined separately in respect of such client, if and as applicable.

PAYMENT OF FEES

Advisory account clients typically will authorize and direct us to deduct (or otherwise instruct their applicable custodians to deduct or pay) our advisory fees directly from their custodial or advisory accounts. However, in certain instances or circumstances, we may not have authority to deduct fees directly from advisory client accounts, and thus advisory clients may be invoiced or billed on a quarterly or other periodic basis for applicable fees and responsible for paying such fees directly to us by the applicable due date. If and as applicable, we typically expect to send invoices to applicable clients on a quarterly or other periodic basis.

Advisory and other agreements with clients typically will not have set expiration or termination dates. Rather, advisory and other agreements between us and each advisory client typically may be terminated by us or the clients at any time upon at least sixty (60) days' advance written notice, as set forth in the applicable agreements with each client. Fees may be prorated (i) with respect to withdrawals, on any date other than as of the end of a calendar quarter and (ii) with respect to contributions, on any date other than as of the beginning of a calendar quarter. In the event of termination of an advisory agreement, any unearned fees paid in advance generally will be refunded to the client (minus any account expenses and reserves for expenses).

OTHER FEES AND EXPENSES

In addition to advisory fees, clients generally will bear and be responsible for all fees, costs and expenses incurred in connection with or with respect to their advisory accounts and the trading and investment activities in such accounts, including the various types of fees and expenses outlined below.

Advisory clients generally will be responsible for and bear any fees and expenses charged by or payable to their custodians, banks, counterparties and administrators, which will be in addition to the fees payable to us. Clients generally will be responsible for and pay all brokerage and other counterparty fees and expenses (including brokerage commissions in connection with account securities trading or trades and expenses incurred to make or effect investments in each client's account. To the extent that one or more third party managers or sub-advisors are engaged or retained to manage or advise or oversee all or a portion of the advisory account or assets of a client, such client will be required to bear and pay for all fees and expenses charged by and payable to such third-party managers and sub-advisors.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, we or our affiliate may, in certain instances, receive or be entitled to receive performance-based fees or compensation from an advisory client, subject to the terms and conditions set forth in the applicable advisory or other agreement with such client. Any performance fees or performance-based compensation is expected to differ and vary with respect to each advisory client and would be negotiated and determined separately with respect to each such advisory client (and such fees may only apply with respect to a portion or subset of the assets or investments in a client's account). Some clients may be subject to performance-based fees, while other clients are not subject to any such fees or are subject to lower or different such fees. Some clients could bear or pay higher performance-based fees to us than other clients. Performance-based fees could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The method of calculating the carried interest or performance fees raises potential conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. In addition, to the extent that performance-based fees and allocations are calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us, we will face a conflict of interest in valuing those portfolios.

In an attempt to reduce or seek to reduce or mitigate such material conflicts, we expect to develop, implement and adopt written policies and procedures pursuant to which we will seek to allocate investment opportunities that may be appropriate for more than one client in an equitable manner based upon the applicable facts and circumstances including, as relevant or applicable, the size, investment objectives, focus, mandate or policies, risk tolerance, return targets, projected hold or investment periods, diversification requirements or considerations, permissible and preferred asset classes, and liquidity needs and requirements of each applicable client. Our policies generally will seek to provide consistent treatment of our clients with similar investment objectives and guidelines to the extent practicable or appropriate, consistent with applicable legal, regulatory, contractual, tax and/or other restrictions, requirements or considerations (as determined by us in our discretion). We prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to us or our affiliates or their professionals, and investment recommendations and allocations generally will require the review and approval of the applicable investment committee of the firm for allocations of opportunities that may be appropriate or suitable for multiple clients. Each client typically will have its own investment guidelines, governing agreements and investment objective and strategy that must be taken into account when making investment allocation determinations.

Item 7: Types of Clients

TYPES OF CLIENTS

We initially expect to provide or perform advisory services, and serve as investment adviser with respect to, a separately managed account of a tax-exempt foundation. We may in the future provide or perform advisory and other services with respect to various other types of advisory clients including, without limitation, affiliated investment vehicles, high net worth individuals, family offices and clients, charitable organizations, foundations, endowments and other persons and entities.

ACCOUNT REQUIREMENTS

Advisory clients typically will be required to, among other things, enter into advisory or management agreements with us which will set forth the nature, scope and type of services provided by us to such client and our scope of authority with respect thereto, and such client's particular investment objectives, guidelines, limitations, requirements and restrictions. In addition, with respect to any advisory account client with respect to which we or an affiliate are entitled to receive or may receive performance-based compensation, such client generally is required to represent and certify to us that it is a "qualified client", as such term is defined in Rule 205-3 under the Advisers Act.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Brackbill Capital will use a variety of methods to manage client portfolios. Initially, the firm expects to use standard tools for analyzing existing portfolio construction of the client, if applicable. We will then design appropriate portfolio guidelines based on the risk tolerance of the client. We will then build the portfolio for the client using standard practices. Finally, we will conduct regular monitoring of the portfolio to ensure the established guidelines are being followed. Generally, we intend for the portfolio to be well diversified across all asset classes to reduce risk.

The descriptions set forth in this brochure of specific advisory services we offer to clients, investment strategies and investments we make on behalf of clients should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to each client's investment objectives and guidelines.

The investment strategies and methods of analysis outlined above are not intended to be comprehensive or exclusive with respect to all clients or any particular client. The applicable methods of analysis and investment strategies generally may vary or differ with respect to each client (in accordance with the terms and conditions set forth in the applicable governing, offering and account documents).

CERTAIN RISK FACTORS

There can be no assurance that clients or investors will achieve their investment objectives or that any investments made or recommended by us will be successful or profitable. Our investment strategies will involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are or will be low risk or risk free or that any client will achieve its investment objectives. Our investment strategies and services will be suitable and appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with or that may be associated with or applicable to our investment strategies and processes.

General Economic and Market Conditions. The success of our activities will be affected by and subject to general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, changes in laws, trade barriers, unemployment rates, release of economic data, trade wars, tariffs, protectionist regulatory policies, currency exchange controls and national and international political circumstances and developments (e.g., "Brexit" and the terms and timing thereof) and other circumstances (including wars, epidemics and pandemics, terrorist acts, security operations and natural disasters), as well as changes in government policy precipitated by the foregoing. These factors and others may affect the level and volatility of securities prices and the liquidity of our clients' investments. Volatility and/or illiquidity could impair our clients' profitability or result in losses. These and other factors may affect the level and volatility of securities prices, the correlations and relationships between the prices of various securities and the liquidity of our clients' investments in ways that impair our clients' profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from our clients' investments. From time to time, including recently amidst the COVID-19 global pandemic and during 2008 and 2009, various markets around the world have experienced extreme periods of volatility, illiquidity, correlation with other markets, negative (or positive) performance and other disruptions and conditions that would previously have been viewed as extremely unlikely or even impossible. Such market developments have led to large losses and insolvencies at numerous investment funds soon thereafter. For example, during the second half of 2008, the state of the worldwide economy deteriorated into a severe recession. A similar or even more severe economic recession (or depression) could result or occur from the global response to, and as a result of, the COVID-19 global pandemic. If so, or if a similar economic situation were to occur in the future, our clients' investments could be materially impaired in many ways that cannot be predicted.

There can be no assurance that general market developments in the future will not have a material adverse effect on our clients.

Our clients could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that our clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Investors should realize that markets for the investments in which our clients seek to invest can correlate strongly with each other (or cease to correlate) at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect our clients from significant losses under certain market conditions. No guarantee or representation is made that our investment programs will be successful.

Force Majeure Risks. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of disease and potentially other events or occurrences. Force majeure events in the United States and elsewhere in the world may adversely affect our ability or the ability of parties with whom we do business to perform our or their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert our time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure may also have a permanent adverse effect on our clients or their investments, and our clients' potential returns would be diminished as a result.

Potential for Fraud. Although we intend to conduct due diligence evaluations and investigations on all prospective investments, there is a risk that we will be subject to fraud. Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of this issue. The scope and long-term nature of such frauds is a testament to how difficult fraud is to detect and prevent. There is no assurance we will be able to prevent all types of fraud by parties with whom we and our clients transact business. The risk of fraud may be heightened or increased as a result of the current and ongoing COVID-19 global pandemic.

Brexit. On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the European Union ("EU") and a party to the Treaty on European Union and its successor treaties, and on March 29, 2017, the United Kingdom delivered a letter to the EU invoking the applicable withdrawal procedures. While the United Kingdom officially withdrew as a member of the EU as of January 31, 2020, the United Kingdom and the EU have agreed to a transition period until at least December 31, 2020, during which the United Kingdom generally will continue to operate under and pursuant to EU laws and rules while the United Kingdom and the EU continue to negotiate the terms of withdrawal and the ultimate outcome of the relationship between the EU and the United Kingdom (and the United Kingdom and the rest of the world). The negotiation process has been quite lengthy, complicated and contentious, and much uncertainty remains (especially with respect to the outcome of the relationship between the United Kingdom and the EU after the end of the transition period). The outcome of the referendum and the subsequent process and negotiation with respect to the United Kingdom's withdrawal have caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. Although we cannot predict the full effect and results of Brexit, it could have a significant adverse impact on United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the Alternative Investment Fund Managers Directive and the European Union Markets in Financial Instruments Directive ("MiFID II")), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally and the global economic climate and may impact opportunities, pricing, availability and cost of financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union. The volatility and uncertainty caused by Brexit may adversely affect the value of investments and our ability to achieve investment objectives.

Political parties in several other member states of the European Union have proposed that a referendum similar to that held in the United Kingdom be held on their country's membership in the European Union. It is unclear whether any other member states of the European Union will hold such referendums, but if they do, further disruption can be expected.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Our operations and business activities as well as those of our clients could be materially adversely affected or impacted in the future by the continuation or worsening of the COVID-19 global pandemic and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus disease 2019 (or COVID-19), an infectious disease caused by Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 and has since spread rapidly globally, resulting in an ongoing global pandemic. The COVID-19 global pandemic has severely and materially affected (and may continue to negatively affect and materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines, shelter-in-place orders, social-distancing measures and other government-directed or mandated measures or actions to stop or slow the spread of SARS-CoV-2 and COVID-19). Although the short-term and long-term effects and consequences of COVID-19 (and the actions and measures taken or mandated by governments around the world to halt or slow down the spread of SARS-CoV-2 and COVID-19) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as the 1918 influenza pandemic (also referred to as the Spanish flu pandemic) and the 2002-2004 SARS outbreak in Asia, had material adverse effects on the economies, capital markets and basic day-to-day operations of (and activities in) those countries and jurisdictions in which they were most prevalent. Recent efforts, actions and measures undertaken by governments, businesses and communities to protect the public health in the face of the COVID-19 pandemic (including measures designed or intended to "flatten the curve" and protect the healthcare systems in such applicable countries and jurisdictions from collapse or undergoing significant breakdowns) have resulted in partial or complete shutdowns of many sectors of the economy generally as well as severe restrictions, limitations and consequences on the means by which we operate our business (e.g., travel restrictions or bans, mandatory quarantines, shelter-in-place orders and social distancing measures and rules), which could adversely affect or negatively impact our business, activities, financial condition, and operations indefinitely. If and to the extent the economy and businesses begin to reopen and are allowed to resume operations or activities and people begin to return to more frequent personal or social interactions, there is a risk of recurrence of an outbreak of COVID-19, and such a recurrence or emergence of any kind of epidemic, pandemic, outbreak of disease or major public health issue could cause another slowdown or shutdown in the levels of economic activity and business activities and operations generally, or push the world or local economies into recession or depression, which could adversely affect and materially impact us.

The impact of a health crisis such as the COVID-19 pandemic, and other epidemics, pandemics and outbreaks of disease that may arise in the future, depends on the duration and spread of the outbreak, the severity, the actions to contain, slow down or halt the spread of the virus or treat its impact, and how quickly and to what extent normal or semi-normal economic and operating conditions can resume, which could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks.

The COVID-19 pandemic and actions, measures and steps taken by governments around the world in response to such pandemic may cause material disruptions to (or otherwise materially impact or affect) the business operations and activities of service providers on which we rely (including their administrator, custodians and counterparties).

Government Intervention. In 2008 and thereafter, the global financial markets underwent significant disruptions that led to significant governmental interventions and actions. The COVID-19 global pandemic of 2020 has recently led to, and is likely to continue to result in or lead to, significant (and in certain cases unprecedented) governmental interventions both in the United States and abroad. Such interventions have been and may be implemented on an "emergency" basis, with little advance notice, thereby substantially reducing or eliminating market participants' ability to anticipate or react to such interventions, to implement certain investment strategies or to manage the risk

of outstanding positions. In addition, these interventions have been and may be unclear in scope and application, resulting in confusion and uncertainty, which in itself can be materially detrimental to the efficient functioning of the markets or the economy. If governmental intervention programs or actions are unwound, there could likewise be uncertainty and adverse effects on the markets and economy. In the case of any future market disruptions, significant economic events, pandemics or other health events, or other events or circumstances, it is impossible to predict what interim or permanent governmental interventions, restrictions (or easing of restrictions) or other actions may be imposed on the markets or the economy.

Terrorist Attacks and War. Terrorist activities, anti-terrorist efforts, other armed conflicts involving the United States or its interests abroad and natural disasters (including outbreaks of disease, pandemics, epidemics and other public health issues) may adversely affect the United States, its financial markets and global economies and markets and could prevent us and a client from meeting our respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, other acts of war or hostility, natural disasters, outbreaks of disease, pandemics, epidemics and other public health issues may create economic and political uncertainties, which may adversely affect the United States and world financial markets and our clients for the short or long-term in ways that cannot presently be predicted.

Investment Risks in General. All investments risk the loss of capital. No guarantee or representation is made that client investment programs will be successful. Certain investment techniques utilized by us will, in certain circumstances, maximize the impact of adverse market moves to which our clients are or will be subject. The performance of any particular investment is subject to numerous factors that are neither within our control nor predictable by us. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. As a result of the nature of investment activities, it is possible that our clients' financial performances may fluctuate substantially from period to period. Clients and investors could lose a substantial portion or all of their investment.

Manager and Funds. We may recommend and/or implement investments in variety of Underlying Funds such as ETFs, hedge funds, private equity funds, commodity funds, open or closed end mutual funds, real estate funds, or any other Underlying Funds which may charge a fee. While we intend to evaluate each Underlying Fund in good faith, we do not have any influence in the management decisions of any Underlying Manager with respect to an Underlying Fund. Each Underlying Fund discloses its own risk factors in its materials, and such risks may lead to material losses which may affect our clients and the profitability of our investments.

Valuation Risks. We generally expect to value investments and assets of our clients based upon valuations of underlying investments and other information provided by Underlying Managers, custodians and other third-parties. We may not have sufficient information in order to be able to confirm or review or contest the accuracy of valuation information and data provided by Underlying Managers and other third-parties. Furthermore, valuation information received from Underlying Managers and other third-parties may be estimates only, and such valuations generally will be used to calculate the net asset value and management fee accruals (to the extent applicable) in respect of client accounts to the extent that current audited information is not available. Such valuations may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audit adjustments.

We generally expect to rely on the valuation information most recently provided by an Underlying Manager or other third party to us and any other factors deemed relevant by us at the time of such valuation. Such determination may be materially inaccurate, including because the information available to us was insufficient, inaccurate or out of date. It is not expected that we will make adjustments to correct such determinations to reflect information that becomes available to us at a later date, although we may make such adjustments in our sole discretion.

Investment Selection and Market Risk. "Investment selection risk" is defined herein as the risk that we may not select and size positions appropriately within the portfolio. An associated "market risk" arises from the influence of the movements of the overall market or the value of the individual investments in the portfolio. The profitability of

a significant portion of client investment programs depends to a great extent upon correctly predicting the future price movements and/or general value of securities and other investments. There can be no assurance that we will be able to accurately predict these price movements or future valuation, nor can assurance be given that a client's investment portfolio will generate any returns or otherwise appreciate in value. With respect to our investment strategy, there is also market risk. For these reasons, the portfolio may also incur losses.

Short Selling. Our clients may use of short sales. In a short sale, securities are sold that have been borrowed from a third-party lender, typically a brokerage firm or other institution. When borrowing securities for short sales, clients are required to pledge deposits of cash, or a combination of cash and securities, equal to or exceeding the market price of the securities borrowed. The amount of such deposits may increase or decrease to reflect the changes in the market value of the borrowed securities. The securities lender generally has the right to demand the return of the borrowed securities at any time. Selling securities short without first determining that securities are available to borrow is generally a violation of applicable securities laws. A short-seller profits only if it can "repay" the lender of the securities with securities it purchases at a lower price than it received in its short sale. Although short selling permits our clients to profit from declines in the price of securities, clients could experience losses if they are required to replace borrowed securities by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale. Purchasing securities in the market to close out a short position can itself cause market prices to increase further. As a result, there will be potential for unlimited loss, unless clients are adequately hedged against increases in market price (of which there can be no assurance).

Equity Risks. We invest client assets in equity and equity derivative securities. The value of these securities generally varies with the performance of the issuer and movements in the equity markets generally and for specific sectors. As a result, clients may suffer losses if we invest client assets in equity securities of issuers whose performance falls below market or our expectations or if the equity markets generally or specific sectors decline, and we have not adequately hedged against such a decline. Clients are exposed to risks that issuers will not be able to fulfill their contractual obligations, such as delivering marketable common stock upon conversions of convertible securities, registering restricted securities for public resale and maintaining listings on exchanges.

Small Cap Investments. At any time, our portfolio may include significant investments in smaller sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. The stocks of such companies may be more volatile in price and have lower trading volumes than the larger capitalization stocks included in the S&P 500 Index. Our investments in such companies may represent significant amounts of the actively traded shares of the respective issuers. Accordingly, the aggregate market value of such investments in such companies may not be representative of the actual proceeds that would accrue to our clients in the event of sale.

Long Term Nature of Investments. We generally utilize a buy and hold investment strategy in which we buy securities on behalf of our clients and hold them for a relatively long period of time, regardless of short-term factors such as market fluctuations or stock price volatility. Client investments are suitable only for prospective investors who can bear the risk of fluctuations in the value of their investment.

Discretion and Changes in Investment Strategy. We have discretion in choosing client investments and generally have the right to modify the selection criteria or hedging techniques (if any) used without the consent of clients or investors. Any of the investment strategies, analytical models, or trading techniques may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to our clients. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk to clients and investors.

Concentration. Client investments are not required to be diversified to any material extent and our investment strategy tends to favor a highly concentrated portfolio. Accordingly, at any given time, it is likely that client investments or portfolio risks will be concentrated in only a few industries, companies, geographic regions, asset types, strategies or other areas of risk. This limited diversity could expose our clients to losses disproportionate to market movements in general. Even if we attempt to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result being that our clients face concentrated exposure to certain risks. In addition, many investment managers and firms pursue similar strategies, which creates the risk that clients and others would be forced to liquidate positions at the same time, reducing liquidity,

increasing volatility and exacerbating losses.

Competition. The markets in which we participate, as well as other markets and strategies, in which we may participate, are extremely competitive. There can be no assurance that we will be able to identify or successfully pursue attractive investment opportunities in this environment. Clients and investors should expect that client investments will involve substantially more company-specific and market risk and associated volatility in the future than in the past, as arbitrage and similar opportunities are further reduced or eliminated. We compete with many firms that have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us.

Risks of Realization on Investments. Given the nature of the investments made by us on behalf of our clients, there is a risk that we may be unable to realize client investment objectives by sale or other disposition of client investments at attractive prices or will otherwise be unable to complete a suitable exit strategy. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic conditions and changes in laws, regulations, fiscal policies or political conditions.

In addition, we generally are not able to sell investments in privately held companies unless their sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In some cases, clients and investors may also be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

Off-Balance Sheet Risk. In the normal course of business, we may invest client assets in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor's recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor's statement of assets and liabilities. Additionally, in the normal course of business, we, on behalf of our clients, may purchase long positions in option contracts that do not have off-balance sheet-risk.

Hedging Transactions. We may utilize financial instruments on behalf of our clients, both for investment purposes and for risk management purposes, in order to: (a) protect against possible changes in the market value of a client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (b) protect a client's unrealized gains in the value of the client's investment portfolio; (c) facilitate the sale of any such investments; (d) enhance or preserve returns, spreads or gains on any investment in a client's portfolio; (e) hedge against a directional trade; (f) hedge the interest rate or currency exchange rate on any of a client's liabilities or assets; (g) protect against any increase in the price of any securities we anticipate purchasing on behalf of a client at a later date; or (h) for any reason that we deem appropriate.

The success of hedging strategies depends, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy is subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into hedging transactions on behalf of our clients to seek to reduce risk, such transactions may result in a poorer overall performance for the client than if we had not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent clients from achieving the intended hedge or expose clients to risk of loss. We will not be required to hedge any particular risk in connection with a particular transaction or client portfolios generally. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of client portfolio holdings.

Risks of Derivatives. Clients may use derivative instruments. In many cases, derivatives provide the economic

equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of an investment (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying investment or other events or circumstances may result in immediate and substantial losses to clients. In some cases, a client's exposure under a derivative contract will be limited to the amount invested (for example, when a client buys a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when a client writes a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of the client's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because the client acquires no direct interest in the underlying investment, but instead depends on the counterparty's ability to perform under the contract. Further, if and when the client takes economic exposure through a derivative, it generally does not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying investment.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to clients. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on client liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

Volatility Risk. Client investment programs may involve the purchase and sale of equity derivatives and other financial instruments that are valued to some extent based on expected, implied or realized volatilities of various securities. Fluctuations or prolonged changes in the volatility of securities, therefore, can materially and adversely affect the value of securities held by client portfolios.

Relative Value and Directional Movements. The success of our clients' investment strategies depends upon our ability to accurately predict future price movements or the convergence of market prices toward the theoretical values expected by us. Any such attempt to predict future price movements is inherently risky and inaccurate. Often, price movements are determined by factors that were not anticipated by us and over which we have no control, and our analysis of known factors may prove to be incorrect, in each case potentially resulting in substantial losses for our clients.

Risks of Foreign Investments. We may invest client assets in financial instruments of foreign corporations, including those in developing nations and emerging markets. Investing in the financial instruments of companies outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; imposition of withholding and other taxes on dividends, interest, capital gains and other income; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict client investment opportunities or their ability to repatriate funds. Such considerations also apply to, and could increase the risks associated with, holding positions in custodian accounts located in or governed by the laws of other countries. In addition, accounting and financial reporting standards that prevail outside of the United States generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the United States than for those located in the United States. Financial instruments traded on foreign exchanges and the foreign nationals or entities that trade these instruments are generally not subject to the jurisdiction of the SEC or the U.S. Commodity Futures Trading Commission or other securities laws and regulations of the United States. Accordingly, the protections accorded to

clients under such laws and regulations may be unavailable for transactions on foreign exchanges and with foreign counterparties.

Portfolio Turnover. We generally are not restricted in effecting client transactions by any specific limitations with regard to their portfolio turnover rate. Although not anticipated, client investment policies might result in substantial portfolio turnover. Investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments.

Leverage and Liquidity Risks. Clients may borrow funds to utilize leverage when we deem appropriate, including to enhance client returns and for cash management purposes (e.g., short-term borrowings to make investments in anticipation of additional subscriptions and to fund withdrawals). Clients may borrow funds from brokers, banks and other lenders to finance its investing and trading operations, which borrowings may be secured by client assets. The use of such leverage can, in certain circumstances, maximize the losses to which a client's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or a client as a whole is leveraged. The cumulative effect of the use of leverage by a client in a market that moves adversely to the client's investments could result in a substantial loss to the client, which would be greater than if the client was not leveraged. Leverage may be achieved through, among other methods, direct borrowing and purchases of securities on margin and the use of options and other derivatives.

The use of margin and short-term borrowings creates several risks for clients. If the value of a client's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If a client is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the client's position in some or all of the financial instruments that are in the client's accounts at the prime broker and cause the client to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by a client. This could increase exposure to the risk of a counterparty default since, under such circumstances, the client may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the client's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the client.

The purchase of options and other derivative instruments generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to clients.

In addition, certain of the companies in which we may invest client assets may have significant leverage. The leveraged capital structures of our clients and companies in which we make client investments also increase exposure to adverse economic factors such as rising interest rates, downturns in the economy and/or deterioration in the condition of the company or its industry. Such increased exposure to adverse economic factors may decrease the overall return on investment realized by our clients from the overall return on investment that may have been realized if leveraged capital structures had not been used by our clients or the companies in which we make client investments.

Counterparty Risks. We have established and may in the future attempt to establish relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services, all of which permit clients to trade in any variety of markets or asset classes over time; however, there can be no assurance that we will be able to maintain such relationships or establish additional relationships in the future. An inability to establish or maintain such relationships would limit client trading activities and could create losses, preclude clients from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent clients from trading at optimal rates and terms. Moreover, a disruption in the financing and, derivative and prime brokerage services provided by any such relationships before we establish additional relationships could have a significant impact on a client's business due to the client's reliance on such counterparties.

Some of the markets in which we may effect client transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes clients to the risk that a counterparty will not settle a

transaction due to a credit or liquidity problem, thus causing clients to suffer a loss. In addition, in the case of a default, a client could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where a client has concentrated its transactions with a single counterparty or small group of counterparties. See “Brokerage and Custody.”

Furthermore, there is a risk that any of a client’s counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a client’s counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the client’s securities and other assets from the client’s prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

We may use counterparties located in jurisdictions outside the United States. Such counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to client assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on clients and their assets.

Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, our internal process for evaluating the creditworthiness of its counterparties may prove insufficient. The ability of a client to transact business with any one or more counterparties, the lack of complete and “foolproof” evaluation of the financial capabilities of the client’s counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by our clients.

Cyber Security Breaches and Identity Theft. We, our clients and our respective service providers depend on information technology systems and, notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, our clients and our respective service providers are subject to risks associated with a breach in cybersecurity. “Cybersecurity” is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our, our clients’ and our service providers’ information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we and our affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we and/or our clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and our clients’ operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or our clients’ reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our clients or individual investors by interfering with our or any affiliates’ operations. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of our clients or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and clients may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT STRATEGIES. PROSPECTIVE CLIENTS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Neither we nor any of our employees have been involved in any legal or disciplinary events related to past or present investment clients or investors.

Item 10: Other Financial Industry Activities and Affiliations

BROKER-DEALER REGISTRATION

Neither we nor any of our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. However, we may become affiliated with a broker-dealer in the future. We and our clients may utilize this affiliated broker-dealer (the “Broker-Dealer”) with respect to certain transactions such as distribution, capital raising or investment opportunities and such transactions may create conflicts of interest.

COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR REGISTRATION

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entities.

OTHER ACTIVITIES OF PRINCIPALS, OFFICERS AND AFFILIATES

Our principal and one or more of our employees, agents and/or affiliates hold(s) or owns or may hold or own direct and/or indirect personal investments in various entities, companies, investments and assets/properties, including public companies, private investment partnerships, limited liability companies, trust companies and family investment vehicles/offices, and serve or may serve on boards of directors, investment committees and advisory boards for certain companies or businesses (including publicly traded companies, trust companies and family investment vehicles or offices). Our principal currently engages in personal trading on his own behalf and on behalf of one or more family limited partnerships or other entities or organizations. Such personal and other trading and investment activities of our principal and affiliated or related persons may raise or present actual or potential conflicts of interest in connection with our activities on behalf of clients (including, for example, any personal investment by our principal or his related persons in the same or similar investments or securities own or held, or that may be owned or held, but one or more advisory clients. We expect to adopt and implement policies and procedures in an attempt to ensure that such personal trading activities do not adversely affect or impact our advisory clients.

SERVICE PROVIDERS

Certain vendors, advisors and other service providers of or to us and our clients may, and in certain instances will, also provide goods or services to, or have business, personal, financial or other relationships or arrangements with, us, one or more of our affiliates, and their respective employees and agents. Such advisors, vendors and service providers may include accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and/or investment or commercial banking firms (“Service Providers”). We, our affiliates, and their employees may have family members or relatives that are employees of, investors in, consultants to, or otherwise have business relationships with, a Service Provider or an affiliate thereof. Service Providers may be asked to, and may, support charitable causes which we, our affiliates and their employees also support or with which they are otherwise affiliated. These relationships may influence us in deciding whether to select or recommend such a Service Provider to perform services for a client. Notwithstanding the foregoing, we will only select a Service Provider to perform services for a client to the extent we determine that doing so is appropriate for such client given all surrounding facts and circumstances and is consistent with our responsibilities under applicable law and the offering and governing documents of such client, *provided, however*, we will not necessarily seek out the lowest-cost option when engaging such Service Providers as other factors or considerations may prevail over cost.

In certain circumstances, Service Providers or their affiliates may charge different rates or have different arrangements for services provided to us or our affiliates as compared to similar services provided to a client. In certain circumstances, such different arrangements result in us or our affiliates’ paying more favorable rates, or being subject to more favorable arrangements, than those to which our clients are subject. We will have no obligation to obtain similar benefits (*e.g.*, rate reductions or discounts) for our clients.

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

CODE OF ETHICS

We will adopt and implement a Code of Ethics, which will forth standards of business conduct for our employees and supervised persons and will be designed to address, mitigate, identify and/or avoid or eliminate material conflicts of interest in accordance with the requirements set forth in Rule 204A-1 under the Advisers Act. Among other things, our Code of Ethics will prescribe standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including our insider trading policies and procedures (including policies with respect to material, non-public information). The Code of Ethics will provide guidance in specific areas, including but not limited to, confidentiality of firm information, personal investments, gifts and entertainment, protection of persons who engage in “whistle blowing” activities from retaliation and personal political activities. All of our supervised persons must annually confirm that they have read and understand the Code of Ethics and the policies and procedures therein, including the personal securities trading policy. A copy of our current Code of Ethics will be available or made available to prospective clients and existing clients upon request.

In addition to the Code of Ethics, we will also prepare and adopt a compliance manual which will set forth and include various additional applicable compliance policies and procedures with respect to us and our business.

CROSS TRANSACTIONS

A cross transaction occurs when one client of an adviser sells an investment directly to, or purchases an asset directly from, another client of the adviser. We may from time to time permit or cause clients to engage in cross transactions from time to time. Cross transactions may benefit clients because they can eliminate certain transaction fees. They also create potential conflicts because, by not exposing buy and sell transactions to market forces, clients may not receive the benefits of best price, or, an adviser may seek to prop up the performance of one client by selling its under-performing assets to another client or entity in order, for example, to earn higher fees.

From time to time, subject to the terms and disclosures set forth in the applicable governing and account documents of the applicable clients, we may engage in transactions between or among two or more clients (each, a “Cross Trade”), or may otherwise cause two or more clients to engage in a Cross Trade. Cross Trades may be effected for various reasons including, without limitation, for tax or regulatory related purposes, liquidity purposes, to rebalance the portfolios of the applicable clients, or reduce transaction costs that would otherwise be incurred in open-market transactions. Cross Trades may benefit or be beneficial to such clients because, among other things, they can eliminate or reduce certain transaction costs and/or facilitate the efficient rebalancing of the portfolios of such clients. However, they also create conflicts of interest because, by not exposing buy and sell transactions to market forces, such clients may not receive the benefits of best price or, an adviser might seek to increase the performance of one client by selling its under-performing assets to another client in order, for example, to earn higher fees.

A Cross Trade may not end up being beneficial or favorable to one or more of the applicable clients who participated in such Cross Trade.

When entering into, or causing clients to enter into, a Cross Trade, we generally will seek to execute such transaction at the current market price of the applicable security using current sales data (generally the closing price on a securities exchange), or a mid-market price, in each case, as determined by us in our discretion (and in accordance with our applicable valuation policies and procedures). We will not charge or receive any commission or transaction-based fees or similar compensation directly in connection with any Cross Trade (other than any management fees and performance-based fees or allocations applicable to the relevant clients), but the applicable clients that are parties to such Cross Trade will or may pay, or be subject to, fees and expenses charged by third parties, such as executing brokers, in connection with any Cross Trades executed through the market. No brokerage commission, fee (except for any third party customary transfer fees), or other remuneration generally will be paid in connection with Cross Trades between or among the clients that are not executed through the

market (such as an “internal cross trade”). Notwithstanding the foregoing, we will utilize commercially reasonable efforts to ensure that any Cross Trade will be entered into in compliance with the terms and conditions set forth in the applicable governing and account documents of the participating clients.

PRINCIPAL TRANSACTIONS

We, as investment adviser or manager, or an affiliate, may in certain limited circumstances engage in principal transactions with clients (i.e., transactions in which we or an affiliate is deemed to be acting for our or its own account by buying a security from, or selling a security to, a client). These transactions involve and raise conflicts of interest between our own interests and those of the applicable client(s).

We will establish and implement policies and procedures reasonably designed to comply with the Advisers Act when engaging in principal transactions with clients. Additionally, investment guidelines and a client’s governing or account documents may limit or restrict or prohibit principal transactions (including terms and restrictions that are more restrictive than what is required pursuant to the Advisers Act).

In the event that we desire to engage in such a principal transaction, we will comply with our internal policies and procedures relating to principal transactions and the terms, conditions and guidelines set forth in the applicable governing, account and/or offering documents of the applicable clients.

MATERIAL, NON-PUBLIC INFORMATION

From time to time, we or an affiliate may come into possession of material non-public information. This may occur, for example, where an employee or other representative of us or an affiliate is a director or officer of a company or such affiliated person becomes otherwise aware of material non-public information. In the event that we or our affiliates are in (or deemed to be in) possession of material non-public information, we may place the issuer or security on our restricted list and we will be unable to use such information for the benefit of any of our clients. Our possession of such material non-public information may, therefore, cause clients to be prohibited from trading the securities of the issuer until such time as the information is made public.

OTHER POTENTIAL CONFLICTS

Advisory, management and other agreements and arrangements between us and a client or the agreements in respect of investments will establish complex arrangements among the applicable parties, including between us and our clients. Questions may arise from time to time under these agreements regarding the parties’ rights and obligations in various circumstances, many of which may not have been contemplated or known at the time of the agreements’ drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While we will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to a client

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

Generally, clients and not Brackbill Capital will select brokers-dealers and other counterparties to execute transactions in securities and other instruments, though Brackbill Capital generally provides recommendations. To the extent applicable, we generally are obligated to seek to obtain the best prices and executions for orders executed for or on behalf of clients, taking into account such quantitative and qualitative factors or considerations affecting or relating to the execution quality of portfolio transactions and other considerations deemed relevant or appropriate by us. In particular, we expect to review or consider various factors and considerations, such as the experience of the broker or the dealer, its ability to handle the order to the best advantage of the client, the nature of the investments to be bought or sold, special circumstances affecting the instrument (e.g., redemption features), and the overall price of the order. As a result, although we will seek competitive commissions and spreads, we may not necessarily obtain the most competitive price/commission/spread for securities transactions. From time to time, brokerage firms may provide services to us or an affiliate in addition to order execution. From time to time, we may select brokers and dealers who are owned in part by a client to execute transactions in securities and other instruments for another client.

SOFT DOLLAR PRACTICES

We may use soft dollars generated by client accounts to pay for certain research and/or related services provided in addition to execution, we may receive research and research related services from brokers who execute portfolio transactions for or on behalf of our clients. This research generally would be used to service all client accounts (to the extent such research is applicable thereto). We will not formally commit to invest any particular level of commissions to brokers who provide research services and we do not currently intend to enter into any formal soft dollar arrangements. Research or brokerage services by brokers through which portfolio transactions for us are executed may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, news and research services, access to an electronic communication network for order entry and account information, participation in broker-dealer sponsored research and capital introduction conferences and other services providing lawful and appropriate assistance to us in the performance of investment decision-making responsibilities on behalf of clients (including both internally generated items (such as research reports prepared by a broker's employees), as well as items acquired by the brokers from third parties). We may benefit by not having to produce or pay for research, and receipt of such research or other products or services may create an incentive for us to select or direct more business to particular brokers. We understand that the benefits received through our relationship with broker-dealers generally will not depend upon the amount of transactions directed to, or the amount of assets custodied by, the broker-dealers. We expect that all research reports received in connection with client-related matters will be within the limitations set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended.

In addition to the foregoing, we may purchase research reports and other information from brokers that do not execute portfolio transactions for our clients.

BROKERAGE FOR CLIENT REFERRALS

From time to time, we may engage in transactions (or cause our clients to utilize or engage in transactions) with broker-dealers that also have other dealings with us or our affiliates, including investor or client referrals. In particular, third-party brokerage firms and other firms may from time to time provide us with the opportunity to be introduced to potential new clients and investors. While these third-party firms will not be compensated by us with respect to such "capital introduction" opportunities, they may directly or indirectly influence us to select or retain such brokerage firms to execute transactions on behalf of clients, rather than selecting such brokers solely based on the interests of the clients in receiving most favorable execution under the applicable circumstances.

DIRECTED BROKERAGE

We may from time to time permit our clients to direct the brokers to be used in executing transactions for their accounts. Clients should be aware that directing brokerage may prevent us from achieving best execution which may end up costing those clients more money.

AGGREGATING TRADES

We may from time to time aggregate client trades if we believe or determine that aggregation benefits such clients and is consistent with our obligation to seek best execution. We will not be obligated to aggregate client trades, however, and there may be reasons, such as client instructions or specifications or logistics of the trade itself, where aggregation will not be possible or practicable. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for applicable clients. Aggregation of trades may not benefit all of the applicable clients with regard to the price or quantity of the trades executed.

To the extent we elect to aggregate trade orders, the proposed allocation of any order placed on behalf of more than one client will ordinarily be determined prior to placing the order. If all such orders are not filled at the same price, then we generally cause each applicable client to pay or receive the average of the prices at which the orders were filled for all applicable clients. If all orders placed cannot be fully executed under prevailing market conditions, then the securities traded may be allocated among the applicable clients in a fair and equitable manner, taking into account the size of the order placed for each client account and any other relevant factors (as we determine in our discretion).

In general, if orders for an investment cannot be completely filled, the orders are allocated either *pro rata* among the clients participating in an aggregated transaction, or on a basis other than *pro rata* if such other method of allocation is reasonable and does not result in an improper disadvantage or advantage to one participating client as compared to another client over time, taking into account all facts and criteria deemed relevant by us.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We may face actual and potential conflicts of interest in allocating investment opportunities among our various applicable clients and other persons (including conflicts as a result of differences in the financial or fee structure of advisory accounts that would potentially participate in any such opportunity). We will buy and sell securities conforming to the specific objectives, terms, limitations and guidelines of each client pursuant to its applicable governing and account agreements and/or offering documents, and will determine the appropriate size and amount of each security held or to be held. Our general policy is to attempt to allocate investment opportunities between or among our applicable clients in an equitable manner under the circumstances and in accordance with the applicable governing, account and offering documents of such clients. We will determine whether a particular investment is within the investment strategy of a client and will make investment decisions (including the decision to acquire or dispose of investments) with respect to such client in our discretion, taking into account such factors or considerations we deem relevant or appropriate under the circumstances.

We may make decisions or take actions (including decisions of when and at what price to purchase or dispose of investments) for one or more of our clients that may be different from those decisions made or actions taken by us on behalf of or with respect to one or more of our other clients (including, for example, as a result of capital inflows and outflows in respect of a client or to the extent necessary to fund withdrawal or redemption payments). Unless otherwise specified in the applicable governing documents and account agreements, we may make all decisions, including all investment decisions (purchase or sale), for such client in our complete discretion and independently of all other clients, any other vehicle that we or our affiliates manage or control, and their respective members, affiliates and employees. As a result, and by way of example only, we may simultaneously be seeking to purchase (or sell) investments for a client and sell (or purchase or hold) such investments for one or more of our other advisory clients.

TRADE ERRORS

We will seek to detect and correct applicable trade errors. Should a trade error occur and be detected by us before the trade has been settled in a client's account, we will try to reverse the trade or reallocate, as necessary or appropriate or practicable. In any event, clients will be made whole (put in a position as if the error had not been

made), with us absorbing any loss, where our conduct does not meet the standard for exculpation set forth in the governing documentation of the applicable client, and not in other cases.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

Robert Marshall Brackbill Jr., our principal, will periodically review all client portfolios and asset allocations and will be responsible for approving any and all investment decisions and recommendations to clients.

REPORTS

Each client's qualified custodian(s) generally will provide or furnish such client with monthly or quarterly account statements that include, among other things, a summary of all activity in such client's account, including purchases and sales of securities, and any debits and credits to such account and a summary of account holdings (including information relating to valuation of such investments). Custodians and service providers may also provide or furnish or make available other reports, statements and information to clients from time to time. In addition, we expect to provide to clients (on a periodic basis) various written statements, reports, letters and other correspondence regarding their accounts and recent market and other developments, as we determine in our sole discretion and subject to the terms and conditions set forth in the applicable advisory agreements with clients. **Clients are urged to compare any statements they receive from us or our agents with the statements they receive from qualified custodians.**

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

Except as described in Item 12 above, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

REFERRALS

We currently do not expect or intend to enter into any agreements or arrangements with solicitors, marketing firms, placement agents or similar third parties to solicit, refer, market or introduce potential new clients to us.

Item 15: Custody

We do not expect to have, or to be deemed to have, custody of the funds or securities of any advisory client. Rather, the funds and securities of each advisory client will be maintained or held by or with one or more qualified custodians selected and appointed by such clients pursuant to separate custodial or other similar arrangements. Advisory clients generally will receive account statements directly from their custodians and should carefully review those statements.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

For some clients, we expect to have discretionary power and authority to invest and reinvest all or a portion of the funds and assets held in client accounts (subject to the terms and conditions and limitations set forth in the applicable advisory agreements). In such instances, we generally will have authority to determine the instruments to be bought and sold without having to obtain client consent or approval to specific transactions. We would also be authorized to determine the broker-dealer or other counterparty to be used for client transactions and compensation payable by clients with respect thereto. The nature and extent of our discretion and authority will be set forth in the applicable advisory agreements with clients. Our discretionary authority will be limited by the terms of the investment advisory or other agreements and the investment guidelines, restrictions and limitations imposed on the management of client accounts. We may be required to obtain a client's consent or approval in order to make or sell certain investments or types of investments.

We may provide services to clients on a non-discretionary or limited discretionary basis (with respect to all or a portion of the assets in their accounts). In such instances, we generally will not be authorized to make any investment decision or implement any transaction with respect to such client without the prior approval of the advisory client in each instance. To the extent approved and authorized by such client, we may be authorized to make or implement a transaction or an investment and select the broker, dealer, bank or other counterparty by or through which such transaction will be effected.

LIMITED POWER OF ATTORNEY

A client may grant a limited power of attorney to us in order to authorize and enable us to conduct or carry out authorized trading on their behalf, subject to the terms of the applicable advisory agreement with such client.

Item 17: Voting Client Securities

In general, our clients are responsible for voting all proxies with respect to securities in their separately managed account and we do not have any power to vote such proxies. Nevertheless, we may from time to time provide advice or recommendations to our clients regarding the voting of proxies. Our clients should work with their custodians to ensure they receive proxies and other solicitations for securities held in their separately managed account. Our clients may contact us if they have questions on any particular solicitation.

Item 18: Financial Information

At this time, we are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations to our clients. We have not been the subject of any bankruptcy petitions, including in the past ten years.