

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

IRS Employer Identification Number:
94-3319516

SEC File Number:
801-58029

Date:
03/26/2021

Name of Investment Adviser/Applicant:
Bitterroot Capital Advisors, LLC

Street Address:
118 East Main Street

City:
Bozeman

State:
Montana

Zip code:
59715

Telephone:
(406) 556-8200

Website:
www.bitterrootcapital.com

This Brochure provides information about the qualifications and business practices of Bitterroot Capital Advisors, LLC. If you have any questions about this Brochure, please contact Andrew S. Martzloff at (406) 556-8200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Registration with the SEC under the Investment Advisers Act of 1940, as amended, or with any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Material Changes

There have been no material changes since the last annual update dated March 30, 2020.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or investment**

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Bitterroot Capital Advisors, LLC provides this Brochure to current and prospective clients. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Persons who receive this Brochure (whether from Bitterroot Capital Advisors, LLC or not) should be aware that the Brochure is intended solely to provide information about Bitterroot Capital Advisors, LLC necessary to comply with disclosure obligations under the Advisers Act. The offering materials for an investment should be read carefully prior to investment. Information in this Brochure may be presented differently from information presented in offering materials or in other public or private disclosures. To the extent there is any conflict between discussions herein and similar or related discussions in any offering materials relating to an investment, the relevant offering materials shall govern and control.

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	4
Item 4	Advisory Business	5
Item 5	Fees and Compensation	6
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information	20
Item 10	Other Financial Industry Activities and Affiliations	21
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	22
Item 12	Brokerage Practices.....	24
Item 13	Review of Accounts	25
Item 14	Client Referrals and Other Compensation.....	26
Item 15	Custody	27
Item 16	Investment Discretion	28
Item 17	Voting <i>Client</i> Securities	29
Item 18	Financial Information.....	30

Advisory Services Offered by Bitterroot Capital

Bitterroot Capital Advisors, LLC (“Bitterroot Capital” or “we”), is a Delaware limited liability company that was founded by Andrew S. Martzloff in January 1999. Mr. Martzloff owns more than 75% of Bitterroot Capital Advisors, LLC. Mr. Carl Gardiner will own 25% of Bitterroot Capital as of January 2021 following approval from Canadian regulators. We are a registered investment adviser regulated by the Securities and Exchange Commission in the United States and the Ontario and British Columbia Securities Commissions in Canada.

We serve a select group of clients with substantial assets who want the benefits of leading their desired lifestyles without undue risk. We are confidential, international, and comprehensive. We provide tailored services and differentiate ourselves through our advice. We have a diverse team, with complementary areas of expertise that enables us to provide a comprehensive range of services, pursue worldwide investment opportunities, solve problems and get results.

We provide discretionary “investment supervisory services,” which consist of investing on a discretionary basis on behalf of clients in stocks, bonds, investment partnerships, or other securities or investments (also referred to herein as “investment advisory accounts”). We also provide non-discretionary “investment supervisory services,” which consist of determining asset allocation strategies for clients across the universe of asset classes, recommending investments (generally through investment managers, investment companies or private investment partnerships) to implement the strategy, monitoring the recommended investment, and reviewing performance with clients. In addition, clients can impose restrictions on investing in certain securities or types of securities.

While we primarily provide investment supervisory services, we also offer investment advice through consultations not involving investment supervisory services, and occasional advice regarding other financial matters not involving securities.

“Investment advice through consultations not involving investment supervisory services” consists of advice regarding securities other than the discretionary and non-discretionary investment supervisory services described above. This advice primarily relates to concentrated equity positions acquired by clients prior to, and independent of, their relationship with Bitterroot Capital.

“Occasional advice regarding other financial matters not involving securities” involves evaluation of cash flow and estate planning for clients. We work with other client advisors, such as attorneys, to develop comprehensive plans that include an investment perspective.

Bitterroot Capital offers advice with respect to, and without limitation, the following types of investments: equity securities, including exchange-listed securities, securities traded over-the-counter, and foreign issues; warrants; corporate debt securities and commercial paper; certificates of deposit; municipal securities; mutual fund securities; United States government securities; option contracts on securities; real estate; oil and gas interests; hedge funds and private partnerships investing in venture capital, risk arbitrage, special situations, and distressed securities; and private placements and privately held businesses.

As of December 31, 2020, the following represents the amount of client assets under management by Bitterroot Capital on a discretionary and non-discretionary basis:

Type of Account:	Assets Under Management:
Discretionary	\$ 42,457,419
Non-Discretionary	\$ 1,018,039,359
Total	\$ 1,060,496,778

Fees and Compensation for Our Advisory Services

We offer investment advisory services for a percentage of assets under management, as well as for a fixed fee, which does not include any applicable subscription fees.

Bitterroot Capital negotiates an annual retainer with clients covering the services described in Item 4. When doing so, Bitterroot Capital considers such factors as the value and nature of client assets with respect to which we will be providing services, whether we provide discretionary or non-discretionary services, and other factors. The annual fee is paid monthly or quarterly, for which Bitterroot Capital provides the fee invoice to the client. Clients provide written instruction to their custodian indicating the amount of fees to pay and which account to debit. Certain clients who utilize Schwab accounts have provided written instruction to Schwab authorizing Bitterroot Capital to deduct fees from their account based upon the presentation of an invoice for fees. Bitterroot Capital has no authority to debit fees or to give other custodians instruction to pay fees other than to Schwab.

There is not a fixed minimum value of overall client assets; the retainer for services is \$200,000 unless waived by Bitterroot Capital. In addition, Bitterroot Capital does not impose a minimum dollar value of assets or other conditions for starting or maintaining an account.

Bitterroot Capital can waive all or part of its minimum annual fee in its discretion and can have lower fee arrangements with existing clients or otherwise negotiate different fee arrangements in certain circumstances.

Clients will also bear other fees relating to investments, which will include, but not be limited to: any applicable investment management fees and/or performance-based compensation; custodian fees; mutual fund expenses; brokerage commissions and other fees, charges, payments and expenses and other costs of trading; and acquiring, monitoring, or disposing of any investments of a client. Clients should consult the terms of the offering memorandum, investment management agreement, sub-advisory agreement, prospectus and supplemental disclosure document or other governing or disclosure document as applicable to each investment, for more information regarding the fees and expenses associated with such investment.

Please refer to Item 12 of this Brochure for additional important information regarding Bitterroot Capital's brokerage practices, including consideration for selecting broker-dealers for client transactions.

While we believe that our fees are similar and competitive to fees charged by other advisory firms for similar services, it is possible that comparable services could be available from other sources for lower fees.

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

Bitterroot Capital does not charge performance-based fees.

Item 7 Types of Clients

The type of clients Bitterroot Capital generally provides advisory services to includes, but is not limited to, the following: individuals, trusts, estates, charitable organizations, and business organizations. All clients are Qualified Purchasers as defined by Section 2(a)(51)(A) under the 1940 Act. There is no set minimum account size to open or maintain an account.

Methods of Analysis

Bitterroot Capital builds each client's portfolio based on their investment guidelines as discussed below. In doing so, Bitterroot Capital utilizes third-party software to analyze historical and current returns, volatility, cross-correlations, and other factors to develop individualized target asset allocation recommendations. The third-party software employs returns-based style analysis, optimization, and "Monte Carlo" simulations, among other techniques, to develop target allocation recommendations. The primary sources of information analyzed include historical returns for mutual funds, individual securities, broad asset categories (*e.g.*, large-capitalization U.S. equity returns, money market fund returns, foreign equity returns), security-specific information (mutual fund fees), and current market data information (such as S&P 500 historical Price to Earnings ratios). Bitterroot Capital also uses publicly available information from sources such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Bitterroot Capital also prepares forecasts through the use of simulations, which are hypothetical economic scenarios based upon analysis of historic and current returns, volatility, cross-correlations, market valuations, and other factors. Bitterroot Capital creates various hypothetical future economic scenarios to evaluate how a client's portfolio might perform under a variety of circumstances, including changing interest rates, inflation, and market conditions. The forecasts represent a number of scenarios in which the client's portfolio would be sufficient to meet or exceed the investment goal at the end of the time horizon. Bitterroot Capital also can include information about stock options, concentrated equity positions, and private investments in a financial goal forecast.

Investment Strategies

Bitterroot Capital generally uses diversification techniques to seek to optimize the risk and potential return of a client portfolio. Bitterroot Capital has the ability to utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to seek to provide diversification. Each client's portfolio selection is determined in accordance with the client's investment objectives, risk tolerance, and time horizon. Bitterroot Capital's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to accept.

Bitterroot Capital produces, with the input of each client, an Investment Policy Statement that typically outlines the client's investment experience, objectives, time horizon, risk tolerance, cash flow needs, tax positioning, and any special considerations and/or restrictions that the client chooses to place on the portfolio. Bitterroot Capital will make portfolio recommendations consistent with the client's Investment Policy Statement (or Investment Guidelines).

Client portfolios with similar investment objectives and asset allocation goals can hold different investments. Timing and tax factors influence investment recommendations. Generally, Bitterroot Capital reviews each client's portfolio quarterly to evaluate the extent to which the actual allocation deviates from the target allocation. If Bitterroot Capital considers a variance excessive, Bitterroot Capital will recommend actions to bring the actual allocation within acceptable range of the target allocation. Bitterroot Capital refers to this process as "rebalancing" and believes that all investments are subject to cycles and that this process of rebalancing offers a systematic approach to help us adjust the portfolios to reflect market conditions and client specific changes in risk tolerance.

Implementation – Manager Selection

Bitterroot Capital primarily recommends implementing asset allocation strategies through the following investment vehicles: mutual funds, exchange traded funds, separately managed accounts, hedge funds, limited partnerships, or pooled investments. Generally, Bitterroot Capital does not recommend the purchase of single security positions such as stocks or bonds; however, clients can direct Bitterroot Capital to include such position in their portfolio. Bitterroot Capital performs a due diligence process on investments recommended to clients ensuring the manager's fit to the particular client's portfolio.

Risk of Loss

Although Bitterroot Capital will recommend investment strategies designed to be prudent and diversified with respect to the assets that Bitterroot Capital manages, all the investments that we recommend involve some risk, including the possible loss of principal. The fluctuations in the financial markets and other factors could cause declines in the value of client portfolios. There is no guarantee that any particular asset allocation or mix of funds will meet a client's investment objectives or provide the client with a given level of income. Diversification does not ensure a profit or protect against a loss in a declining market. There is no assurance that the client will achieve positive investment results by utilizing Bitterroot Capital services. Bitterroot Capital cannot guarantee the future performance of client investments. Below is a description of certain material risks associated with certain methods of analyses and certain investments. Clients should consult the offering documents of particular investments and their Investment Policy Statement or Investment Guidelines for more information regarding the risks of a particular portfolio.

Types of Potential Risk in Client Portfolios

General

Although Bitterroot Capital works diligently to preserve clients' capital and achieve preservation and growth of client wealth, investing in funds (securities) by its nature involves risk of loss that clients should be prepared to bear. The possibility of a total or partial loss of client capital exists, and prospective clients and investors should not invest unless they can readily bear the consequences of such loss.

No Assurance of Returns; Past Performance Results

There can be no assurance that the client's specific portfolio will perform well or achieve its investment objectives. Past performance is not indicative of future results. Similarly, the historical performance of any underlying adviser is not a guarantee or prediction of the future performance of its advice.

Reliance on Key Personnel

While Bitterroot Capital has significant depth and experience in investing, and specifically across major asset classes, the loss of managing directors or other officers could adversely impact the firm's ability to successfully implement investment strategies.

Cyber Security

Bitterroot Capital and the third parties whose software Bitterroot Capital utilizes are subject to cyber security risks. Bitterroot Capital (or its service providers) could find themselves a target of cybersecurity attacks. Cyber security breaches include, without limitation, infection by computer viruses, corrupting data, unauthorized access of systems, phishing, and ransomware. Bitterroot Capital has put in place protections to prevent cyber security breaches but not all cyber security breaches are preventable and technology changes rapidly and Bitterroot Capital might not be able to stay ahead of such advances. In the event of a cyber security breach, Bitterroot Capital and clients could be negatively impacted through loss of data, credentials including identifications and passwords, and assets.

Availability of Suitable Opportunities

The success of a client portfolio as a whole depends on the ability of Bitterroot Capital to identify and invest in underlying funds or other investments that meet the desired investment criteria. The identification of an attractive fund does not ensure that a client will be able to invest capital in the particular fund, given the high level of investor demand some funds experience.

Due Diligence Errors

It is possible that Bitterroot Capital could miss or misinterpret information during the due diligence process. We have established procedures to seek to mitigate this risk, but there is no assurance they will be successful in any particular situation. An underlying manager could be engaged in wrongdoing that is not uncovered by the due diligence process.

General Risks Relating to Portfolio Managers, Other Financial Intermediaries and Counterparties

In connection with investments in underlying investment vehicles (“Investment Vehicles”), clients will be dependent upon underlying managers, which may have custody and control of client assets invested in such Investment Vehicles. The failure of an underlying manager or financial intermediary to fulfill its obligations may have a material adverse effect on the related investment and overall performance. If any underlying manager, any other financial intermediary, or any of such underlying manager’s or financial intermediary’s counterparties becomes insolvent or files for bankruptcy, a client could suffer losses, and its financial performance could be materially and adversely affected. In addition, such insolvency or bankruptcy could undermine access to assets on a temporary or permanent basis and result in a partial or complete loss of the related investments.

Political Uncertainty Risk

Markets in which clients are invested or to which clients are exposed can experience political uncertainty (*e.g.*, Brexit), that subjects investments to heightened risks, even when made in established markets. These risks include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the clients’ ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments.

During times of political uncertainty, the securities, derivatives, and currency markets can become volatile. There also could be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations can be extremely limited.

Markets experiencing political uncertainty can have substantial and, in some periods, extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates could have negative effects on such countries’ economies and securities markets.

There can be no assurance that adverse political changes will not cause a client to suffer a loss of any or all of its investments or, in the case of fixed income securities, interest thereon.

Non-U.S. Investments

It is anticipated that where appropriate, clients will invest directly or indirectly in investments outside the United States. Any investment outside the United States involves risks that will often be different from those that exist with respect to investments in the U.S. domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases includes a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including expropriation, nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country imposes restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of

companies, assets, or securities; risks related to the possible lack of availability of sufficient financial information as a result of corporate governance, accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors, which could be less comprehensive or developed than the United States, and the procedures for the judicial or other enforcement of such rights, which could be less effective than the United States; risks related to the fact that some investments are denominated in foreign currencies and therefore will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and could be less well developed than those in the United States, possibly resulting in retroactive taxation and an unanticipated local tax liability.

Emerging Markets

Investing in companies based in emerging markets, which are underdeveloped or developing economies, involves certain considerations not usually associated with investing in companies located in more developed countries, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political, and economic instability; the small size of the securities markets in emerging markets 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; inconsistencies among local, regional, and national laws; and certain government policies that could restrict investment opportunities. A client portfolio or underlying manager can face difficult approval and registration procedures when making or disposing of investments, and, as a foreigner, could be subject to legal or regulatory constraints or prejudices that do not affect local investors. In addition, the reporting standards, practices, and disclosure requirements in emerging markets are not equivalent to those in the United States and certain European countries and can differ in fundamental ways. Accordingly, less information may be available to investors. Investments in emerging markets could be affected by other factors not present in more developed countries, including lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures, and potential difficulties in enforcing contractual obligations.

Foreign Exchange Risks

In the case of investments in securities that are not denominated in U.S. dollars, any fluctuation in currency exchange rates will affect the value of such investments and the returns ultimately achieved. In addition, costs can be incurred in connection with conversions between various currencies.

Reliance on Technology and Software

Bitterroot Capital utilizes various sources of technology to formulate its advice and develop recommendations. A technological defect or malfunction will negatively impact the accuracy of Bitterroot Capital's forecasts and may negatively impact a client's portfolio. Hardware and software are known to have errors, omissions, imperfections, and malfunctions (collectively, "Coding Errors"). Coding Errors in third-party software are generally entirely outside of the control of Bitterroot. With respect to its own technology, Bitterroot will seek to reduce the incidence and impact of Coding Errors. Despite monitoring and independent safeguards, Coding Errors will result in, among other things, the failure to properly gather and organize available data, the failure to correctly analyze the data, and the failure to generate intended or optimal investment outputs.

Market Risk

Status of Markets

In recent times, economic markets have experienced a period of unprecedented stress. The availability, unavailability, or hindered operation of external credit markets, equity markets, and other economic systems that Bitterroot Capital and portfolio investments depend upon to achieve objectives can have a significant negative impact on operations and profitability. There can be no assurance that such markets and economic systems will be available (or will be available as anticipated or needed) for investments to operate successfully.

Economic Conditions

Any investment activity may be adversely affected by general international or domestic economic or market conditions. A downturn or contraction in the economy or capital markets, or in a certain industry or geographical region thereof, can prevent investors from meeting investment objectives by restricting the availability of suitable investment opportunities. In addition, such a downturn could result in the diminution or loss in value of a client's investments. Unexpected volatility or illiquidity in the markets could impair Bitterroot Capital or an underlying manager in their ability to carry out their business or cause losses in client portfolios.

Emerging Global Events

Social, political, economic, and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts, and social unrest) will occur that have significant impacts on issuers, industries, governments, and other systems, including the financial markets. In addition, such events can create significant uncertainties and disruptions (such as restrictions or reductions in the movements of goods or people) in businesses and markets, and cause an increased reliance in and strain on available technology, resources, and systems. As global systems, economies, and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region, or financial market will, more frequently, adversely impact issuers in other countries, regions, or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their portfolio investments decreases as a result of such events, if these events adversely impact the operations and effectiveness of Bitterroot Capital or key service providers, or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Suspensions of Trading

Securities, futures, and commodities exchanges typically can suspend or limit trading in any instrument traded on the exchange. A suspension could render it impossible for an underlying manager to liquidate positions and expose clients to losses.

Lack of Liquidity

Despite the heavy volume of trading in securities and other financial instruments, the markets for some instruments have limited liquidity and depth or may in the future experience periods of limited liquidity and depth. This lack of liquidity could be a disadvantage to clients, both in the realization of the prices that are quoted and in the execution of orders at desired prices. Accordingly, Investment Vehicles could be required to hold investments for a longer period of time than desired or be required to mark down the value of investments that are subject to such limited liquidity. In addition, it is likely that a portion of a client's portfolio will be illiquid.

Strategy Risk

Inadvertent Concentration

A number of Investment Vehicles have overlapping strategies and could accumulate large positions in the same or related securities. Bitterroot Capital's ability to avoid such concentration would depend on its ability to reallocate capital among existing or new Investment Vehicles,

which might not be feasible for several months until withdrawals and contributions are permitted by the Investment Vehicles.

Leverage (Borrowed Money)

It is anticipated that certain Investment Vehicles will use leverage in their investing, which would increase the potential for loss, as well as transaction expenses.

Short Selling

Some Investment Vehicles sell securities short, which exposes the seller to theoretically unlimited risk due to the lack of an upper limit on the price to which the security could rise. Short selling can also involve the sale of borrowed stock, so that if the stock loan is called, the short seller would be forced to repurchase the stock at a loss. In addition, short selling carries the risk of failure to perform by the counterparty to the transaction or the risk that the counterparty will default on its obligations.

Non-Marketable Securities

Some Investment Vehicles invest in non-marketable securities, which are generally difficult to liquidate and price.

Derivatives

Investment Vehicles can use derivatives, such as options, futures, and swaps. Derivatives can exaggerate a loss or cause an Investment Vehicle to lose more money than it would have lost had it invested directly in the underlying instrument. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict, and financing sources and related interest rates are subject to rapid change. Certain derivatives also involve embedded leverage, and a relatively small price movement can result in substantial losses to the Investment Vehicles. One or more markets can move against the derivatives positions held by an Investment Vehicle, thereby causing substantial losses. In addition, some derivatives carry certain counterparty risks, such as the risk of failure to perform by the counterparty or the risk that the counterparty will default on its obligation to return collateral or other assets of the Investment Vehicle. Many derivatives are traded in over-the-counter ("OTC") transactions between private parties. These derivatives are subject to additional risks, such as the credit risk of the counterparty to the instrument and are less liquid than exchange-traded derivatives since they often can only be closed-out with the other party to the transaction. Certain derivatives are subject to mandatory central clearing and exchange trading. Central clearing and exchange trading are intended to reduce counterparty credit risk and increase liquidity, but this structure does not make transactions in cleared or exchange-traded derivatives risk-free. Many unforeseeable events, such as government policies, can have significant effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Futures

Some Investment Vehicles can take positions in commodity or financial futures contracts. Commodity futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract might result in substantial losses. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

Hedging and Other Trading Strategies

The decision as to when and to what extent to hedge or follow other trading strategies depends on many factors. There can be no assurance that hedging or other trading strategies will be available or effective or that the performance of the hedge will correspond appropriately to that of the assets hedged.

Fixed Income Securities

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, the rate of inflation, and general market liquidity (*i.e.*, market risk). In addition, mortgage-backed securities and asset-backed securities may also be subject to call risk and extension risk. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can either shorten (*i.e.*, call risk) or lengthen (*i.e.*, extension risk).

High Yield Debt; Distressed Debt

High yield bonds (commonly known as "junk bonds"), distressed debt instruments, and other debt securities in which Investment Vehicles can invest will typically be junior to the obligations of companies to senior creditors, trade creditors, and employees. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory, or other conditions could impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following insolvency, will be substantially less than that of senior creditors.

Adverse changes in economic conditions or developments regarding an individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of high yield debt securities to make principal and interest payments than issuers of higher grade debt securities. In addition, the market for lower grade debt securities might be thinner and less active than for higher grade debt securities, and thus less liquid because, among other reasons, certain investors, due to their investment mandates, are precluded from owning such securities. This could result in an Investment Vehicle being unable to sell such securities for an extended period of time, if at all.

Public Equity Securities

Investment Vehicles and underlying managers invest long and short in publicly traded equity securities. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments might decline over short or extended periods. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. The volatility of equity securities means that the value of an investment will increase or decrease.

Small Capitalization Companies

Investment Vehicles and underlying managers invest in securities of small capitalization and recently organized companies, and conversely, the Investment Vehicles might establish significant short positions in such securities. Historically, such securities have been more volatile in price than those of larger, capitalized, more established companies, and pose greater investment risks. Small capitalization companies could require substantial additional capital or borrowings. There is often less publicly available information concerning such companies, and their equity securities are often traded over-the-counter or on regional exchanges and could be less liquid than companies traded on a national exchange. Investments in small capitalization companies might also be more difficult to value than other types of securities. Investments in

companies with limited or no operating histories are more speculative and entail greater risk than do investments in companies with an established operating record.

Growth Stock Risk

Certain Investment Vehicles or underlying managers invest in “growth” stocks. Securities of growth companies can be more volatile since such companies usually invest a high portion of earnings in their business, and they typically lack the dividends of value stocks that can cushion stock prices in a falling market. In addition, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

Value Stock Risk

Certain Investment Vehicles or underlying managers invest in “value” stocks. A particular risk of a value approach is that some holdings might not recover and provide the capital growth anticipated or that a stock judged to be undervalued could actually be appropriately priced. Further, because the prices of value-oriented securities tend to correlate more closely with economic cycles than growth-oriented securities, they generally are more sensitive to changing economic conditions, such as changes in interest rates, corporate earnings, and industrial production. The market might not favor value-oriented stocks and might not favor equities at all. During those periods, relative performance may suffer.

Equity/Global Hedge

The Equity/Global Hedge strategy primarily involves investments in publicly traded equity instruments generally in developed countries. This strategy involves identifying securities that are mispriced relative to related securities, groups of securities, or the overall market. The strategy may rely on the use of derivatives, leverage, and a number of assumptions about the intrinsic value of publicly traded equity instruments. There can be no assurance that such assumptions will prove to be correct or that the strategy will be implemented correctly.

Real Estate Investments

A portion of capital can be allocated to Investment Vehicles and/or direct investments concentrating in real estate investments. While real estate investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk, including a significant degree of financial, operating, illiquidity, and competitive risk. Frequently, such funds structure their investments with the use of leverage. While the use of leverage will enhance the returns on a successful investment, a leveraged capital structure will be subject to increased exposure to extreme economic conditions, such as a significant rise in interest rates, or a severe downturn in the economy, enhancing the risk of loss entailed in the investment.

Energy and Timber Investments

A portion of capital can be allocated to Investment Vehicles concentrating in energy, timber, or other real assets. Such investments are likely to be subject to the same or similar risks described in the preceding paragraph – Real Estate Investments.

Buyouts/Growth Capital

Buyout and growth capital funds frequently structure their investments with the use of leverage. While the use of leverage can enhance the returns on a successful investment, a company with a leveraged capital structure will be subject to increased exposure to changing economic conditions, such as a significant rise in interest rates, or a downturn in the economy or the company’s industry, enhancing the risk of loss entailed in the investment.

Venture Capital

Venture capital investing involves a high degree of risk. It is anticipated that the portfolio companies of these funds will confront a significant degree of financial, operating, illiquidity, and competitive risk. In addition, many of these companies, due to their limited revenues and history of operating losses, need to rely on their ability to fund continuing operations via the private and public capital markets. Such continued funding might be curtailed as a result of a variety of factors which include, but would not be limited to, rising interest rates, downturns in the economy, or deterioration in the condition of the company or its industry.

Distressed and Special Situations

While an investment in a distressed company (in distressed financial condition, including reorganized companies emerging from bankruptcy) can be successful if the company is successful in its “turn around,” significant risk exists that a turnaround effort will not be successful and that all or a significant portion of the capital invested in such situations might be lost. “Special situation” investments are opportunistic in nature. It is difficult to project the nature of the special situations and how many commitments will be made to them. Such investments are likely to involve significant risks and illiquidity, and any returns from these investments will be subject to substantial uncertainty.

Limited Liquidity

There is no public market for interests in private funds, and it is not expected that a public market will develop. There will also be substantial restrictions upon the transferability of interests, including the requirement in a partnership agreement that most transfers be approved by the general partner managing a private fund. There are also other contractual restrictions and restrictions imposed by applicable federal securities laws and the laws and the regulations of other jurisdictions, which might require an indefinite holding period with respect to private fund interests. A purchase of an interest in a private fund should be considered only by persons financially able to maintain their investment and who can afford a loss of all or a substantial part of such investment. In addition, investors who invest through an offshore fund should be aware that an interest in the offshore fund is typically less attractive to other investors that are not foreign or tax-exempt entities in the United States, and therefore an interest in an offshore fund can be even less liquid than a direct investment interest in an onshore fund. There is no assurance that any distribution will be made or that fund investments will be successful.

Many recommended private funds have lock-up provisions that prohibit an investor from withdrawing money for a certain period of time, for example 12 to 24 months or significantly longer. Some of these investments require advance notice should an investor seek a full or partial redemption, while other investments last until the fund ends. In addition, payment of a full cash redemption sometimes takes time.

Illiquid Investments

Investments in certain portfolio funds, including private equity and real assets, will be illiquid and entail a high degree of risk. An investor in an illiquid portfolio fund should expect to hold such investment for the entire life of the portfolio fund, which is typically seven to ten years or more.

The underlying investments of a portfolio fund, at any given time, consist of significant amounts of securities and other financial instruments that are very thinly traded, or for which no market exists, or which are restricted as to their transferability under U.S. federal or state or non-United States securities laws. In some cases, portfolio funds also prohibit by contract the sale of such securities for a period of time. In other cases, the types of investments made by portfolio funds require a substantial length of time to liquidate. Consequently, there is a significant risk that the portfolio funds will be unable to realize their investment objectives by sale or other disposition

of portfolio company securities at attractive prices or will otherwise be unable to complete any exit strategy with respect to their portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in economic conditions, and changes in law.

A portfolio fund could distribute its investments “in kind,” which might be composed of illiquid securities and securities issued by a pooled liquidation vehicle. The pooled vehicle may in turn make in-kind distributions of these investments. There can be no assurance that clients or investors would be able to dispose of these investments or that the value of these investments, as determined by either a pooled vehicle or the underlying portfolio fund, will ultimately be realized.

Portfolio Funds and Manager Risk

Unregistered Funds

Some funds recommended by Bitterroot Capital are private limited partnerships or similar structures sold in private placements and are not registered investment companies under the Investment Company Act of 1940. Some of the underlying managers might not be required to register as investment advisers under U.S. federal or state law. Interests in the pooled vehicles have not been registered under the Securities Act of 1933. Consequently, clients will not be entitled to many of the protections of the federal securities laws.

Possible Misconduct by Underlying Managers

Because clients invest through underlying managers or private funds that are separate from Bitterroot Capital and over which Bitterroot Capital does not have physical custody or control, an underlying manager could divert or abscond with a client’s assets, fail to follow its stated investment strategies, issue false reports, or engage in other misconduct.

Effect of Carried Interest

The existence of a carried interest or performance fee payable to the portfolio fund managers creates an incentive for such managers to make riskier or more speculative investments on behalf of their funds than would be the case in the absence of this arrangement. It could also cause such managers to favor accounts (including funds) that have carried interest or performance fees over those that do not.

Key Principals of the Investment Vehicle Managers

Investment Vehicle managers are likely to be dependent on the services of one or a few key individuals. The loss of the services of a key individual for any reason could impair an Investment Vehicle from achieving its investment objective.

Increase in Managed Assets

A fund could invest with underlying managers that are experiencing a significant increase in the assets they manage, which might impair their ability to generate returns on a par with their historical results. In addition, an underlying manager faced with a significant increase in assets to invest may deviate from stated strategies into strategies or markets with which it has little or no experience. This could result in losses to the Investment Vehicle and, thus, the client.

New Strategies

Strategies used by Investment Vehicles might not have been in use during periods of major market stress, disruption, or decline. As a result, it is not known how these strategies will perform in these periods.

Tax Considerations

Bitterroot Capital endeavors to furnish tax information as soon as practicable following the end of each year. However, in order to furnish such tax information, we must first receive corresponding tax information from all Investment Vehicles and other investments. Clients might be required to file extensions for any given year, particularly as a result of illiquid investments. The tax liability with respect to income and gains of an Investment Vehicle for a year may exceed the cash withdrawn by, or distributed to, the investor in respect of such year.

Investing in private funds involves complex tax issues for particular clients. Bitterroot Capital is not a tax accounting firm, and clients should consult their own tax advisors.

Item 9 Disciplinary Information

Bitterroot Capital has no disciplinary information to report in this section.

Item 10 Other Financial Industry Activities and Affiliations

Not applicable.

Code of Ethics

We have adopted a Code of Ethics to assure that securities transactions by our employees are consistent with our fiduciary duty to our clients and to assure compliance with legal requirements and our standards of business conduct. The Code of Ethics requires Access Persons to provide duplicate brokerage statements and trade confirmations. In certain circumstances, Access Persons can complete quarterly transaction reports instead of providing duplicate statements and confirmations. The Code of Ethics includes personal trading policies described below.

We have also adopted a Business Continuity Plan that is designed to allow Bitterroot Capital to resume operations as quickly as possible after a business disruption, depending on the scope and severity of the disruption. Bitterroot Capital's Business Continuity Plan addresses: data back-up and recovery; all mission-critical systems; financial and operational assessments; alternative communications with clients, employees, and regulators; alternate physical location of employees; remote working; bank and counterparty impact; and regulatory reporting.

To receive a copy of our Code of Ethics and/or Business Continuity Plan, please send a request to Bitterroot Capital Advisors, L.L.C., Attention: Andrew S. Martzloff, 118 East Main Street, Bozeman, MT 59715 or send an email to asm@bitterrootcapital.com.

Participation or Interest in Client Transactions

Bitterroot Capital holds its employees to a high standard of integrity and business practices. In order to properly serve its clients, Bitterroot Capital strives to avoid, or to manage, conflicts of interest or the appearance of conflicts of interest. Access Persons must give first priority to client accounts for all purchases and sales of securities before executing transactions for their personal accounts, and must conduct their personal trading so as not to conflict with a client's interests.

Personal Trading

Bitterroot Capital and our Access Persons buy or sell securities for their own accounts that we also recommend to clients. Bitterroot Capital has implemented procedures to detect and prevent conflicts of interest when it (or Access Persons) recommends to clients the purchase or sale of securities or investment products in which a Access Person has some financial interest or when Access Persons buy or sell for themselves securities that Bitterroot Capital (or our Access Persons) also recommends to clients, which could occur at or near the same time.

In recognition of the conflicts of interest this could present between Bitterroot Capital (and our Access Persons) and clients, we manage these conflicts through our Code of Ethics, as well as other Bitterroot Capital policies and procedures. No trades of any securities can be effected for an Access Person's personal account without the prior approval by the Chief Compliance Officer or his/her delegate. Each Access Person must arrange for Bitterroot Capital to receive directly from the brokerage firm or other financial institution copies of brokerage statements and trade confirmations where their personal account is maintained. The Chief Compliance Officer reviews on a quarterly basis, the security transactions of the Access Persons and compares the trades to prior approvals and to recommendations made to clients.

For business or legal reasons, Bitterroot Capital can restrict Access Persons from trading in certain securities for certain periods, and these securities will appear on Bitterroot Capital's restricted list ("Restricted List"). Access Persons are not necessarily barred from trading a security on the Restricted List, but rather their trades will be closely reviewed to avoid a conflict, or an appearance of impropriety.

Annually each Access Person must identify all of his or her personal accounts and complete a holdings report. In addition annually each employee must complete a disclosure questionnaire prepared from information contained in Form ADV Part 1, and sign a certificate stating that the employee has complied with Bitterroot Capital's policies and procedures.

To the extent that Bitterroot Capital recommends an investment in this entity, there is a conflict of interest. Bitterroot Capital addresses such conflicts through the Code of Ethics described above, as well as other policies and procedures for monitoring recommended investments.

Brokerage Practices and Selection Process

Bitterroot Capital generally has the authority to determine, without obtaining specific client consent, the securities and amount thereof to be sold or purchased, subject to the Investment Policy Statement (or Investment Guidelines) and restrictions imposed by our discretionary clients. It is our practice to effect discretionary client transactions through numerous brokers.

Bitterroot Capital receives research and other products or services other than execution from a broker-dealer in connection with client securities transactions, including research that is proprietary (*i.e.*, created/developed by the broker-dealer) and created/developed by a third-party. In allocating brokerage, Bitterroot Capital can take into consideration the receipt of research and brokerage services, consistent with its obligation to seek best execution for client transactions, and to treat all clients fairly and equitably over time. Such research and services include a wide variety of written reports on individual companies and industries of particular interest to us, information on general economic conditions, direct access to leading research analysts throughout the financial community, technical measurement services, as well as making their analysts available to us. Any information received from a broker-dealer is expected to be consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. Consistent with that safe harbor, Bitterroot Capital can cause commissions to be paid to a broker that furnishes research at a higher price than might be charged by another broker for effecting the same transaction. Bitterroot Capital receives a benefit because we do not have to produce or pay for the research, products, or services, and has an incentive to select or recommend a broker-dealer based on this interest, rather than on a clients' interest in receiving most favorable execution. Bitterroot Capital also benefits from research services furnished by brokers through whom it effects transactions by using such services in advising all of its clients, and not necessarily only the clients that paid commissions to the brokers providing those services.

In selecting brokers or dealers to execute transactions, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission. It is not our practice to negotiate "execution only" commission rates and, in negotiating commission rates, and we can take into account qualitative factors, such as the financial stability or reputation of brokerage firms and the brokerage and research services provided by such brokers. In certain circumstances, we have the ability to direct a client account to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction, in recognition of the value of the brokerage, research, and other services that broker provides. In such a case, the firm determines in good faith that the commission is reasonable in relation to the value of such brokerage, research, and other services, viewed in terms of either the specific transaction or Bitterroot Capital's overall responsibilities to its clients. An account may, therefore, pay higher brokerage commissions than are otherwise available.

Clients have the option to direct us to have transactions executed through specified brokers. If such directions are given, we will not exercise our discretionary authority to change a client's brokerage relationship. In addition, non-discretionary clients have the option to, from time to time, request that we have transactions effected through specified brokers on the client's behalf. We can attempt to negotiate for commission discounts for those clients who desire to retain a brokerage relationship. However, clients who direct Bitterroot Capital to use a specific broker could pay higher commission rates or receive less favorable execution than non-directing clients. Due to the fact that different clients can direct brokerage, we could be unable to obtain volume discounts or best execution for these client-directed brokerage transactions, and there could be some disparity in client commission charges from time to time.

Bitterroot Capital intends to aggregate client trades in the same securities at the same time, which can lower transaction costs. To the extent that Bitterroot Capital cannot aggregate client trades, the costs to clients can increase.

Reviews and Reviewers of the Client Accounts which we provide Advisory Services

We review all investment advisory accounts at least quarterly. Each review includes analysis of performance and discussion with the investment managers that we recommended to the client that the client has engaged. Unusual market activity and/or performance will prompt more frequent reviews. We also perform regular reviews of select significant investments made directly by the client without investment manager involvement.

Andrew S. Martzloff reviews all accounts. He is assisted in such reviews by four professionals who perform research and reporting at his direction.

Nature and Frequency of Regular Reports to Clients on their Accounts

Quarterly or monthly written reports to clients typically cover a description of portfolios, quantitative review of performance, and an oral discussion of performance. Andrew S. Martzloff is assisted by four professionals in performing research and preparing reports.

Item 14 Client Referrals and Other Compensation

Not applicable.

Item 15 Custody

Not applicable.

Item 16 Investment Discretion

For client accounts where Bitterroot Capital has discretion, Bitterroot Capital has authority to determine, without obtaining specific client consent and subject to the Investment Policy Statement (or Investment Guidelines) and restriction imposed by its discretionary clients, the securities and amount thereof to be sold or purchased. Bitterroot Capital's discretionary authority could be limited, and directions from clients can outline such limits. Prior to accepting discretionary investment authority, Bitterroot Capital requires a formal Limited Power of Authority or the execution of a power of attorney before making any related investment. In addition, Bitterroot Capital's non-discretionary clients could, from time to time, request that Bitterroot Capital effect transactions through specified brokers on the client's behalf. *See discussion above in Item 12, "Brokerage Practices and Selection Process."*

Item 17 Voting *Client* Securities

Generally, Bitterroot Capital does not have the authority to vote proxies on behalf of clients with respect to proposals submitted for approval by shareholders of companies whose shares are held in client portfolios. Clients could receive proxies or other solicitations directly from their custodian or transfer agent. The client retains the responsibility for receiving and voting all proxies for securities within the client's account. Bitterroot Capital, when requested by the client, will provide advice on a particular solicitation.

Item 18 Financial Information

Not applicable.