

# NorCap Investment Management, L.P.

Part IIA of Form ADV Brochure

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This brochure provides information about the qualifications and business practices of NorCap Investment Management, L.P. (the “Adviser”), sometimes referred to as the “Investment Manager”. If you have any questions about the contents of this brochure, please contact us at 972-701-8813 or email [CCO@norcapfunds.com](mailto:CCO@norcapfunds.com). 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.

The Adviser is an investment adviser registered with the SEC. Such registration does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

Since the last brochure dated December 2020, the Adviser has material changes or disclosures for this update. Item Part 2B of Form ADV attached: addition of Tina Hernandez as Director of Business Development and Investor Relations.

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## **Item 4 – Advisory Business**

The Adviser primarily provides investment management advice with respect to the Adviser’s private investment funds (as further described in Item 7). Such funds are private offerings of Limited Partnership (Limited Partners) interests sometimes referred to as “Funds,” and each a “Fund” (or Partnership). Additionally, the Adviser acts as a sub-adviser on separate accounts. Each Fund and the sub-advisory account(s) are sometimes referred to as a “*Client*” or, collectively, as “*Clients*”. The Adviser will typically provide investment management services to each *Client* per investment guidelines detailed in their respective private placement memorandums.

NorCap Management, LP, a Delaware limited partnership, serves as the General Partner of the Fund(s) and NorCap Investment Management, LP (the Adviser) serves as the Investment Manager. The general partner of the Investment Manager and the general partner is NorCap Advisors, LLC, a Delaware Limited Liability

Company. The owner of NorCap Advisors, LLC, is David Norcom as an individual and BAG Securities, LLC, a Texas limited liability company primarily owned by Bolton Walters. The professionals of the General Partner and the Investment Manager will use their expertise and experience, along with advice from third-party consultants, to attempt to achieve the investment objectives.

The Adviser does not participate in wrap fee programs.

The Adviser has been providing discretionary portfolio management services since 2004. As of January 31, 2021, the Adviser managed \$258,522,162. in discretionary assets. The Adviser does not manage any *Client* assets on a non-discretionary basis.

#### **Item 5 – Fees and Compensation**

For its services to the *Client(s)* the Investment Manager is entitled to receive a management fee (“Management Fee”) generally at an annual rate of 1.0% of the Capital Account balance of each Limited Partner. Management Fees are calculated and payable monthly in arrears. Upon approval of the General Partner, in its sole discretion, the Investment Manager may reduce or waive the Management Fee with respect to any Limited Partner in its sole discretion. In addition, the Investment Manager may assign all or any portion of the Management Fee to any person(s) in its discretion.

Fees may be subject to negotiation based on the circumstances of the investor and other factors, including but not limited to the type and size of the account and the type of advisory and *Client*-related services to be provided to the account. For example, certain Fund investors who have been introduced by solicitors with whom the Adviser has a relationship and/or certain investors for whom the Adviser acts as sub-adviser may be subject to different fee terms than those specifically described in this Item 5.

The Adviser’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the *Client*. See Item 12 for further discussion of the Adviser’s brokerage practices. *Clients* may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

The charges, commissions, fees, and expenses described in the preceding paragraph are exclusive of and in addition to the Adviser’s fee, and the Adviser will not receive any portion of these charges, commissions, fees, and expenses. The Adviser does not generally permit or require *Clients* to pay fees in advance.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products, such as asset-based sales charges or service fees.

Each *Client*’s private placement memorandum contains further information regarding fees and compensation.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Consistent with applicable laws and regulations including Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “The Advisers Act”), the Adviser (or its affiliate NorCap Management, L.P.) may receive performance-based fees or allocations, calculated separately for each investor in a *Client* account, equal to a specified percentage (generally 20% for all *Clients*) of the increase in an investor’s account in excess of the investor’s high water mark, as of the close of each measurement period.

Generally, the Performance Allocation is estimated and, if it is due, accrued to a Limited Partner’s Capital Account at the end of each calendar month with a cumulative quarterly true up at the end of each fiscal

quarter, so long as, after the payment of Management Fees, the performance exceeds the Benchmark, if applicable. A Performance Allocation is also calculated and charged with respect to any Limited Partner permitted or required to withdraw as of any time other than the close of a fiscal quarter on the basis of net profits allocated to such Limited Partner through the withdrawal date. In the case of a partial withdrawal, the Performance Allocation is calculated and charged only with respect to the portion of the Capital Account being withdrawn. The Performance Allocation with respect to any Limited Partner may be waived or reduced by the General Partner in its discretion. The Performance Allocation with respect to any Limited Partner may be waived or reduced by the General Partner in its discretion. In addition, the General Partner may assign all or any portion of the Performance Allocation to any person(s) in its discretion.

Performance-based compensation arrangements may be viewed as creating an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different arrangement. Such arrangements also create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. The Adviser has adopted and implemented procedures designed to ensure that all *Clients* are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among *Clients*. The Adviser's allocation policy applies whenever the Adviser determines that two or more *Clients* should purchase or sell interest or shares of any security or other investment.

Specifically, for GovPlus Fund AI subject to the limitations described below, each Limited Partner's Capital Account will be debited by an amount equal to twenty percent (20%) of the amount by which the ending value of a Limited Partner's Capital Account exceeds what would have been the ending value of such Capital Account had the Capital Account shown a return equal to the return of the Bloomberg Barclays U.S. Treasury 1-3 Year Total Return Index Value U (Barclay Index) after Management Fees have been paid for the same fiscal quarter. The Performance Allocation will be estimated and accrued monthly, and the aggregate amount debited against all Limited Partners will be credited to the Capital of the General Partner at the close of each fiscal quarter. A Performance Allocation will be debited even when the value of a Limited Partner's Capital Account decreases over the performance period so long as at the end of the fiscal quarter it decreased at a rate less than the rate at which the Barclay Index decreased. The reason that a Performance Allocation may be debited even when a Limited Partner loses money for the fiscal quarter is that the only factor used to determine whether a Performance Allocation is debited is whether the Partnership's return for the fiscal quarter, after Management Fees have been paid, was greater than the Barclay Index's return for the same fiscal quarter. Where the Partnership underperforms the Barclay Index for a particular fiscal quarter, the Partnership must make up such underperformance in future fiscal quarters in that fiscal year to again receive a Performance Allocation in that fiscal year. The requirement to make up such underperformance does not carry forward into the next fiscal year.

It is the Adviser's general policy, subject to certain exceptions, to allocate purchase or sale opportunities on a pro rata basis to all applicable *Clients*, measured by reference to each *Client's* relative net asset value as of the beginning of the month in which the purchase or sale is executed. See Item 12 Conflicts of Interest for additional details.

For a more detailed description about the performance allocation process, including General Partner discretion see the private offering materials.

### Separate Arrangements

The General Partner, the Investment Manager and the Partnership may enter into side letters or similar agreements with certain Limited Partners pursuant to which the Partnership may give certain Limited Partners rights not granted to other Limited Partners, including one or more of the following: (i) reduced Management Fees, (ii) reduced Performance Allocation, (iii) the right to withdraw all or a portion of their investment in the Partnership on shorter notice and/or with more frequency than the terms described in this Memorandum, and (iv) additional transparency into the operation of the Partnership. The General Partner, the Investment Manager and the Partnership may, in the future, without obtaining the consent of any other Limited Partner (other than any Limited Partner who is materially and adversely affected by such waiver or modification) enter into one or more side letters or similar agreements with other Limited Partners to waive or modify the application of certain provision of the Partnership Agreement. As a result, certain Limited Partners may be able to withdraw their Interests at times when other Limited Partners may not. Subject to applicable law, the Partnership does not intend to disclose the terms of such side letter agreements and does not intend to disclose the identities of the Limited Partners that have entered into such agreements.

The General Partner generally grants waivers of the Management Fees and Performance Allocation to principals and employees of the Investment Manager and its affiliates, as well as their related family members and affiliates.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in the offering or an investment in the fund. Potential investors should read this memorandum in its entirety before determining whether to subscribe for interests.

### **Item 7 – Types of *Clients***

The Adviser provides portfolio management services to two Funds: (1) GovPlus Fund AI, L.P., a Delaware limited partnership (“GovPlus AI Fund”), and (2) NorCap Diversified Premium Fund, LP, a Delaware limited partnership (“Diversified Premium Fund”). The Adviser also has investment authority and acts as the sub-adviser for separate Funds, which it manages using an investment strategy similar to the Diversified Premium Fund. NorCap Management, L.P., a Delaware limited partnership, is the general partner (“General Partner”) of the Funds.

In general, the Adviser can accept limited partners who are individuals, trust accounts, foundations, endowments, pension plans, other entities, and institutional accounts. Each limited partner in a Fund must be an “accredited investor”, as defined in Regulation D under the Securities Act of 1933, as amended, and a “qualified *Client*” within the meaning of Rule 205-3 under Investment Advisers Act of 1940, as amended (the “The Advisers Act”). However, in the case of Diversified Premium Fund, each limited partner must be an “accredited investor”, a “qualified *Client*” as defined in the Investment Advisers Act of 1940, as amended and a “qualified purchaser” or “knowledgeable employee” as defined in the Investment Company Act of 1940, as amended.

The minimum initial investment for a limited partner in the Diversified Premium Fund is \$1,000,000. and the minimum investment in the GovPlus AI Fund is \$250,000. The General Partner, at its discretion, may accept investments less than the stated minimum.

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

Any *Client* account may utilize one or more of the investment strategies described below. Investing in securities involves the risk of loss, including principal, and should only be considered by persons who can bear the relevant investment risks. For risks related to the strategies see the Certain Risk Factors following the strategy descriptions in this section.

The core investments generally consist of options on U.S. indices. The Investment Manager engages in systematic risk management by position by employing a wide array of proprietary algorithms and models to execute the strategy and to mitigate risk. In addition, the Investment Manager performs a fundamental analysis of the current macroeconomic environment, both domestically and internationally. Generally, a portion of the Partnership's positions will be invested in high quality, fixed-income securities. The fixed-income portion of the investment strategy will generally include a portfolio primarily of short duration (5 years or less) direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities, including securities that are supported by the United States.

The Investment Manager may use leverage for the Partnerships, subject to the maximum allowable limits under applicable laws and regulations. The Funds may also at times be net short. Changes in net exposure will be determined primarily by discretionary re-hedging of existing positions rather than by explicit market timing calls. The Funds do not have target allocation percentages for asset classes.

Although it is intended that the Partnership's portfolio will generally consist of the components described above, there can be no assurance that the Partnership's portfolio will maintain this structure at all times, (e.g., during periods of market instability). There may be times when the Investment Manager determines that it is in the best interest of the *Client* to have a significant portion, or all, of the assets in cash or cash equivalents.

The principal investment strategies are described as follows:

[GovPlus AI Fund](#), is an enhanced fixed income absolute return strategy intended to provide incremental net returns over U.S. government fixed income portfolios, specifically to meet or exceed the Barclays Treasury 1-3 Year Total Return Index Value U (the "Benchmark"). Performance allocation is computed after the Benchmark is met or exceeded, net of Management Fees.

The core investments in the fixed-income portion of the strategy will be direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities, including securities that are supported by the United States. These investments may be held directly or indirectly through a fund, such as mutual funds or exchange traded funds. The market value of such securities can be expected to fluctuate in response to changes in interest rates.

The Partnership's enhancement strategy typically seeks to extract value from a number of offsetting positions that exploit structural anomalies in securities markets. A fundamental characteristic of non-directional strategies is an attempt to avoid exposure to systematic risk (in general, the risk that individual securities prices move in tandem with overall market movements). By hedging away much of the systematic risk within a portfolio, non-directional strategies can significantly reduce a portfolio's dependence on the market's direction for profits and typically exhibit lower volatility than directional strategies. The overall

goals of these strategies are to seek an absolute target return and provide downside protection through hedging techniques, while also realizing favorable returns and a meaningful degree of investment portfolio stability.

The Investment Manager has developed this enhancement strategy based on historical data regarding daily price movements of the S&P 500 Index that dates to 1950. The Investment Manager has developed its enhanced strategy based on this historical data. The Partnership intends to be reactive in that if the S&P 500 Index moves sharply in one direction the Partnership could close out the option position that is closest to being in the money. This risk management strategy is intended to serve to reduce risk in the event the S&P 500 Index continues to move sharply in either direction.

Diversified Premium Fund, L.P., is an absolute return strategy. The investment objective is to seek to achieve an absolute investment rate of return profile with positive, risk-adjusted returns that have a low correlation to general market indices. In addition, the strategy is intended to, over time, reduce volatility, enhance portfolio diversification, reduce exogenous market risk, and preserve capital.

The principal investment strategy is to seek to identify and exploit inefficiencies in securities and other instruments while minimizing downside exposure and market risk through employing non-correlated, risk-mitigation techniques.

The strategy primarily utilizes two principal types of non-correlated investments: S&P 500 Index options and short duration (5 years or less) U.S. treasury/agency paper. It may also include, but is not limited to, stocks, bonds, derivatives on U.S. equity indices, non-U.S. exchanges, U.S. Treasury Bond Indices, currencies, commodity, individual stock derivatives and exchange traded funds (ETFs). The Partnership generally does not intend to enter into derivative positions on individual stocks; any such derivative positions will be opportunistic in nature only.

The Partnership typically seeks to extract value from a number of offsetting positions that exploit structural anomalies in securities markets. A fundamental characteristic of non-directional strategies is an attempt to avoid exposure to systematic risk (in general, the risk that individual securities prices move in tandem with overall market movements). By hedging away much of the systematic risk within a portfolio, non-directional strategies can significantly reduce a portfolio's dependence on the market's direction for profits and typically exhibit lower volatility than directional strategies. The overall goals of these strategies are to seek an absolute target return and provide downside protection through hedging techniques, while also realizing favorable returns and a meaningful degree of investment portfolio stability.

### **Certain Risk Factors**

Investment in the Partnerships is speculative and involves certain risks, including the risk of total loss of an investment in the Funds. Certain of these risks are summarized below. The Funds may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with its investments. An investment in either Fund does not constitute a complete investment program. Investors will not have recourse except with respect to the assets of the Partnerships. Prospective limited partners should consider, among others, the risk factors and potential conflicts of interest described in this section. All limited partners in the Partnerships should consult their own legal, tax and financial advisors prior to investing in the Funds. The following is a brief description of some factors that prospective limited partners

in the Partnerships should consider. Other factors may also be material to such investors, and a prospective investor should evaluate the amount of assets that it wishes to allocate to the Partnerships.

The past investment performance of any Fund, the Investment Manager or their affiliates or principals may not be construed as an indication of the future results of an investment in any of the Funds.

### Investment Risks

All investments, and investing and trading activities, risk the loss of capital. Any search for profitable investments is subject to great risks which even a combination of experience, market or business information or careful study cannot always overcome.

### General Investment Risks

A prospective Limited Partner in any Partnership should note that the prices of the securities, options, and other instruments in which the Partnership invests may be volatile. Price and market movements are difficult to predict and are influenced by, among other things, government trade, government intervention (whether directly or by regulation), fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. Such price and markets movements may be significant and may be detrimental to the Partnership. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

In addition, there may be periods where the Investment Manager will be unable to fully implement the Partnership's investment strategy. For example, although it is intended that the Partnership's portfolio will be constructed as described above under "*Section 2 – Investment Objective and Policies*," there can be no assurance that the Partnership's portfolio will maintain this structure at all times (e.g., during periods of market instability). During any such periods, the Investment Manager's ability to seek achieve the Partnership's investment objective may be impaired. The Risks described below apply when the particular investment type is defined in the investment strategy.

### Strategy Risk

The Partnerships will generally employ absolute return strategies intended to have low correlation with major financial market indices. Although the Partnership believes that these strategies may mitigate losses in generally declining markets, there can be no assurance that losses will be avoided. Investment strategies that have historically been non-correlated or demonstrated low correlation to one another or to major world financial market indices may become correlated at certain times, such as during a liquidity crisis in global financial markets.

During such periods, certain hedging strategies may cease to function as anticipated. Absolute return strategies generally emphasize hedged positions rather than non-hedged positions in securities, options, other derivatives, and financial instruments to protect against losses due to general movements in market

prices. However, there can be no assurance that such hedging will be successful or that consistent absolute returns will be achieved. Risks associated with some of these strategies are outlined herein.

The Investment Manager may fail to evaluate the risks properly or accurately in certain investments, and such failures might lead to underperformance or cause the *Client* to lose money. There can be no assurance that the Partnerships will be successful in achieving its investment objective, or that the Partnership will be profitable over any period.

#### Predictions of Market Movements

The profitability of a significant portion of the Partnership's investment program depends to a great extent upon correctly assessing the future course of the price movements and volatility of the securities markets, bond markets, and other investments. There can be no assurance that the Investment Manager will be able to accurately predict the volatility and price movements. With respect to the investment strategy utilized by the Partnership, there is always some, and occasionally a significant, degree of market risk.

#### Competition in the Market

The markets in which the Partnerships intend to invest are extremely competitive. In pursuing its investing methods and strategies, the Partnerships will compete with larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers, and this competition could reduce the Partnership's potential returns by reducing the variety of and opportunity for investments available to the Partnerships. In relative terms, the Partnerships have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more investment professionals than the Partnerships have or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which an investment may be purchased by the Partnerships and the price it expects to receive upon consummation of the transaction. In addition, competition in the writing of options may decrease the premiums that can be generated on option sales.

#### Margin and Leverage

Subject to applicable margin and other limitations, the Partnerships may borrow funds to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Partnership's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Partnerships and will affect the operating results of the Partnerships. Also, the Partnerships could potentially create leverage via the use of instruments such as options and other derivative instruments.

Although the Partnerships will not borrow for investment purposes, low margin deposits normally required in futures contract trading (typically between 2% and 25% of the value of the contract purchased or sold) and/or portfolio margin permit economic leverage. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

When the market value of a particular open position changes to a point where the margin on deposit in the Partnership account does not satisfy the maintenance margin requirement, the Partnerships will receive a

margin call. If the Partnership does not satisfy the margin call within a reasonable period (which may be as brief as a few hours) the positions of the Partnership may be closed out, resulting in material losses to the Partnership.

### Diversification

Since the Partnership's portfolios will not necessarily be widely diversified, the investment portfolios of the Partnership may be subject to more rapid changes in value than would be the case if the Partnership were required to maintain a wide diversification among companies, securities and types of securities.

### Investments in Equity Securities Generally

The Partnerships expect to purchase equity securities. Although equity investments have historically generated higher average total returns than fixed-income securities over the long-term, equity investments also have experienced significantly more volatility in those returns and in some time periods have significantly underperformed relative to fixed-income securities. The equity investments that the Partnership acquires may fail to appreciate and may decline in value or become worthless. Accordingly, the Partnerships may not be able to realize gains from such equity investments and may incur significant losses.

In addition, the disposition of equity securities may be restricted under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Partnership were forced to liquidate its position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment, and may also involve higher transaction costs. To the extent that issuers of these securities are small or medium-size market capitalization companies, investments in such equity securities will have more limited marketability and may have greater price volatility than the securities of larger companies. All of the

Partnership's investments in stocks will be subject to normal market risks. While diversification among issuers may mitigate these risks, the Partnership is not required to diversify its investments in equity securities and investors must expect fluctuations in value of equity securities held by the Partnership based on market conditions. Because equity securities rank lower in the capital structure of an issuer, such investments may subject investors to additional risks not applicable to debt securities. In addition, holders of equity securities may be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring.

### Proxy Voting

See Item 17 below.

### Income Securities

The Partnerships expect to invest in fixed-income securities. Income securities are subject to interest rate, market, and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Market risk relates to the changes in the risk or perceived risk of an issuer, country,

or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities.

### Convertible Securities

While not currently anticipated, the Partnership may invest in convertible securities, including convertible bonds, convertible preferred stocks, and other fixed income instruments that have conversion features. Convertible securities and preferred stock combine the fixed income characteristics of bonds with some of the potential for capital appreciation of equities, and thus may be subject to greater risk than pure fixed-income instruments. Unlike bonds, some preferred stocks and some convertible securities do not have a fixed par value at maturity, and in this respect may be considered riskier than bonds.

Convertible debt securities and preferred stocks may depreciate if the market value of the underlying equity security declines or if rates of interest increase. In addition, although debt securities are liabilities of a corporation, which the corporation is generally obligated to repay at a specified time, debt securities, particularly convertible debt securities, are often subordinated to the claims of some or all of the other creditors of the corporation.

### Investments in U.S. Government and non-U.S. Bonds

The Partnerships may invest in United States and non-United States government bonds. Such investments are subject to a number of risks, including the risk that interest rates in the market may increase while the interest rate of the bonds are static over-time, causing investors to miss out on potential interest income if they had invested in the market. Government bonds are also subject to risks related to any government instability, a reduction in the credit rating of the federal government and other events that may cause a government, as the issuer of the bond, to default (i.e. fail to pay the debt that it owes on the bonds that it has issued).

### U.S. Bond Markets

Many of the Partnership's investments will be dependent in some manner on the U.S. bond markets, including treasury instruments. Deterioration of U.S. bond markets and other economic fundamentals could negatively impact the performance of the Partnership. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, overbuilding and increased competition and an increase in interest rates.

### Exchange Traded Funds and Other Similar Instruments

Interests of exchange traded funds ("ETFs") and other similar instruments may be purchased or sold long or short by Partnerships if defined in the strategy. An ETF is an investment company that is registered under the Investment Company Act, that holds a portfolio of stocks or bonds designed to track the performance of a particular index. Instruments the Partnerships may purchase that are similar to ETFs represent beneficial ownership interests in specific "baskets" of stocks or bonds of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, these securities are not registered as

investment companies under the Investment Company Act. Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks or bonds including risks that the general level of stock or bond prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks or bonds held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Partnership's investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Investment Manager considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument. The market value of ETF Interests may differ from their net asset value. This difference in price may be due to the fact that, at any given point of time, the supply and demand in the market for ETF Interests is not always identical to the supply and demand in the market for the underlying basket of securities. Therefore, an ETF share may trade at a premium or discount to its net asset value.

#### Derivatives and Swaps

Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, commodities, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency, or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is

entered into a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts and to counterparty risk. The counterparty risk lies with each party with whom the Partnership contracts for the purpose of making derivative investments (the "Counterparty"). In the event of the Counterparty's default, the Partnership will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

#### Risks of Writing Options

Writing options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. Where an option is written or granted (*i.e.*, sold) uncovered (as will usually be the case when the Partnership writes options), the seller may be liable for a risk of loss which is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any

combination thereof. The Partnership's options strategy depends on these factors combining to allow the options to expire unexercised.

A significant risk related to the Partnership's enhancement strategy is that the value of a financial instrument on which an option is written could move significantly causing the options written by the Partnership to be "in-the-money" at expiration date. Although the Investment Manager intends to mitigate this risk by changing the strike prices of the options contracts thereby reducing the probability of that instrument exceeding those respective strike prices, there can be no assurance that the Investment Manager will be successful in this strategy.

#### Futures Cash Flow

Futures contracts gains and losses are marked to market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

#### Counterparty Risk in Futures and Options Contracts

In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations to the Partnerships. The counterparty for futures contracts and options on futures contracts traded in the United States and on most foreign futures exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk.

#### Swaps

Swap agreements tend to shift the investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Partnership. The most significant factor in the performance of swap agreements is the change in the specific factors that determine the amounts of payments due to and from the Partnership. If a swap agreement calls for payments by the Partnership, the Partnership must be prepared to make such payments when due. In addition, swap contracts are not traded on exchanges and are not subject to the same type of government regulation as exchange markets. As a result, many of the protections afforded to participants on organized exchanges and in a regulated environment are not available in connection with these transactions. The swap markets are "principals' markets", in which performance with respect to a swap contract is the responsibility only of the counterparty to the contract, and not of any exchange or clearinghouse. As a result, the Partnership would be subject to the risk of the inability or refusal to perform with respect to swap contracts on the part of the counterparties with which the Partnership trades.

### Non-U.S. Investments

The Partnership may invest in the securities of non-U.S. issuers (whether traded in the U.S. or overseas securities markets). Investment in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. The foregoing risks associated with non-U.S. investments are even greater in emerging markets.

### Short Sales

The Partnership may enter into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. The Partnership does not intend to short sell individual securities, however, the Partnership will short sell broad based index options, both as part of their general investment strategy and for hedging purposes. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the Partnership to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The Partnership’s obligations under its securities loans are marked to market daily and collateralized by the Partnership’s assets held at the broker, including its cash balance and its long securities positions. Because securities loans must be marked to market daily, there may be periods when the securities loan must be settled prematurely, and a substantial loss would occur.

Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling exposes the Partnerships to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise, unless risk has been limited by other positions held by the Partnership.

Short sales by the Partnerships that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Partnerships may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Partnerships might have difficulty purchasing securities to meet its short sale delivery obligations and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

### Portfolio Securities Lending

The Partnerships may lend securities from its portfolio to financial institutions needing to borrow securities to complete certain transactions. Securities loans are usually facilitated by an intermediary, known as the lending agent. The Partnerships continue to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities, which affords the Partnership an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral.

Securities lending arrangements are subject to certain risks. A securities lender may receive cash payments in lieu of dividends, which (subject to any negotiated gross up payment) may be taxed at a higher rate than qualified dividends. During the term of the loan, the Securities Investor Protection Corporation, or "SIPC," may not protect the Partnership with respect to the loaned securities. Therefore, the collateral pledged may constitute the only source of satisfaction of the financial institution's obligations, in the event a financial institution fails to return the securities to the Partnerships. The Partnerships are also subject to a risk of loss if the borrower with which it has engaged in a portfolio loan transaction breaches its agreement or if its lending agent becomes insolvent.

### Hedging and Arbitrage

The Investment Manager may employ hedging techniques to reduce the risk of highly speculative investments. There is a substantial risk, however, that hedging techniques may not always be possible or effective in limiting losses. In fact, a hedge may produce a net loss. Hedges are more difficult to implement than many other transactions and possibilities for errors may be greater than for other transactions. The Investment Manager's trading techniques may not be successful and may thereby cause the Partnerships to incur losses on the positions that the Investment Manager initiates.

### Suspensions or Limitations

Each exchange on which futures are traded and the CFTC (for U.S. based exchanges) typically have the right to suspend or limit trading in the contracts that each such exchange lists. Such a suspension or limitation could render it impossible for the Partnership to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the Partnerships to close out existing futures positions. It is also possible that an exchange or the CFTC could order the immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Most United States futures exchanges limit fluctuations in certain commodity interest contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Partnership from promptly liquidating unfavorable positions and subject the Partnership to substantial losses, which could exceed the margin initially committed to such trades.

In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough to close out existing futures positions. Options positions cannot always be liquidated at the desired price. This can occur when the market is “thinly traded” (i.e., a relatively small volume of buy and sell orders). It is also possible that an exchange or the CFTC could order the immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

### Valuations

From time to time, certain situations affecting the valuation of the Partnership’s investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Partnership) could have an impact on the net asset value of the Partnership, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Partnership is not required to make retroactive adjustments to prior subscription or withdrawal transactions, or Management Fees or Performance Allocations based on subsequent valuation data.

### Restrictions on Liquidity, Transfers and Withdrawals

There are restrictions on withdrawals from the Partnerships (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner will be required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Partnership is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

Substantial withdrawals by the Limited Partners within a short period of time could require the Partnership to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Partnership’s assets and/or disrupting the Partnership’s investment or hedging strategies. Reduction in the Partnership’s size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Partnership’s ability to take advantage of particular investment opportunities or strategies.

The Partnerships do not intend to make any distributions to the Limited Partners unless written notice of a distribution request has been received from a Limited Partner but intends to reinvest substantially all of the Partnership’s income and gain. Cash that might otherwise be available for distribution is also reduced by the payment of Partnership obligations and expenses (including Management Fees and expense reimbursements), and establishment of appropriate reserves. Therefore, a Limited Partner should not rely on potential distributions (if any) from the Partnership to cover the Limited Partner’s tax liability associated therewith.

### Distributions In-Kind

It is not expected that the Investment Manager will ever make distributions in-kind. While the investments made by the Partnerships are readily liquidated, the Partnerships may not be able to sell such investments

at prices that reflect the Investment Manager's assessment of their value or the amount paid for such investments by the Partnerships. The Partnership Agreements authorize the Partnerships to make distributions in-kind in lieu of or in addition to cash.

#### *Insolvency or Failure of the Prime Broker*

Institutions, such as the Prime Broker or various banks, may hold certain of the Partnership's assets in "street name." Bankruptcy, inadequate controls, or fraud at one of these institutions could impair the operational capabilities or the capital position of the Partnerships.

#### *Cash Positions*

The Partnerships may, from time to time, maintain a portion of its assets in cash. Although such a practice may assist in the preservation of capital, the assumption of cash positions may also impact overall investment returns. Cash investment practices of the Partnerships may be expected, therefore, to affect total investment performance of the Partnerships.

#### *Trading Advisers May Have Limited Capacity*

Certain investing and trading approaches employed by the Partnerships might accommodate only a certain amount of capital during a given period. The Partnerships will normally endeavor not to undertake to manage more capital than the Partnership's approach is able to accommodate without risking a potential deterioration in returns.

#### *Risks in Structure*

Matters relating to the structure of the Partnerships, and an investment in the Interests, are complex and may involve certain risks including those described below.

#### *Reliance on the General Partner and the Investment Manager*

All decisions with respect to the management business, operation, conduct and control of the affairs of the Partnerships will be made exclusively by the General Partner. Except as specifically provided in the Partnership Agreement or applicable law, Limited Partners will have no right or power to take part in the management of the Partnership. Accordingly, no person should purchase an interest unless such person is willing to entrust the management of the Partnerships to the General Partner.

Furthermore, the Investment Manager will make substantially all trading and investment decisions of the Partnerships. Limited Partners will have no right or power to take part in the trading and investment decisions of the Partnerships. Accordingly, no person should purchase an Interest unless such person is willing to entrust the investment activities of the Partnerships to the Investment Manager.

The success of the Partnerships will be substantially dependent on the services and abilities of the General Partner and the Investment Manager. Limited Partners have no rights, powers, or authorities to take part in the management, business, operation, conduct and control of the affairs of the Partnerships.

### Reliance on Key Persons

If key executive personnel, including the Principal and Owners of the General Partner and the Investment Manager cease to participate in the Partnership's business for any reason, the Partnership's ability to make day-to-day operating decision and manage its portfolio could be materially and adversely impaired. The Investment Manager's ability to successfully manage the Partnership's affairs and investment programs will depend substantially on the experience and services of the Investment Manager's personnel (whose continued service is not guaranteed). The loss of the services of any of the Investment Manager's personnel could have a material adverse effect on the operations of the Partnerships. The Investment Manager may not be able to successfully recruit additional key persons. There can be no assurance that a Director of the Partnerships, the Investment Manager or its personnel or any Trading Adviser will be available to the Partnerships for any particular period of time.

### Risk Resulting from Performance Allocation

The Performance Allocation allocable to the General Partner may create an incentive for the Investment Manager (as an affiliate of the General Partner) to make investments that are riskier or more speculative than would be the case in the absence of the Performance Allocation. Performance Allocations, once paid to the Investment Manager, are not reimbursed to Limited Partners experiencing subsequent net losses.

### Regulatory Matters Risk

Regulatory matters relating to the Partnerships and an investment in the Interests are complex. Accordingly, a prospective investor should consult its legal counsel, and tax (accountant), financial and other advisers with respect to an investment in any of the Partnerships.

The Partnerships are not, and will not be, registered under the Investment Company Act. Therefore, is not subject to regulation under the provisions of the Investment Company Act. One or more of the Partnerships intend to rely on the provisions of Section 3(c)(7) of the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund's board of directors, including a majority of disinterested directors, approve certain of the fund's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable.

To comply with 3(c)(7), all Limited Partners in the Partnership must be "qualified purchasers." If the Partnership accepts subscriptions from Limited Partners other than "qualified purchasers," it will rely on Section 3(c)(1) for its exemption from registration; *provided* that each Limited Partner that is not a "qualified purchaser" will meet the definition of "qualified *Client*" as such term is defined under the Advisers Act. To comply with Section 3(c)(1), the Partnership must restrict the number of beneficial owners to one hundred (100) or fewer.

### Derivatives, Commodities and Futures

With regard to exemption from registration as a CPO or CTA, the Partnership will purchase and sell derivatives in compliance with applicable CFTC Rules, including Rule 4.13(a)(3).

The Partnership may trade on a limited basis in commodities and futures. Such contracts are highly specialized and, while they may increase the total return in the investments of the Partnership(s) they may also entail greater than ordinary investment risks. Such trading activity is regulated by the CFTC. Pursuant to an exemption from registration under CFTC regulations, neither the General Partner nor the Investment Manager is required to register, and neither is registered, with the CFTC or the National Futures Association (“NFA”) as a CPO or as a commodity trading advisor (“CTA”). To comply with the exemption, the Investment Manager is subject to specific limitations on the amount of commodities and futures that it can trade on behalf of the Partnership. Should the Partnership’s investments in commodities and futures instruments exceed the limits provided by the applicable exemption from registration, the Investment Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Partnership and liquidate the Partnership’s holdings of commodities and futures which could result in losses and additional costs to the Partnership.

#### *Future Regulatory Environment*

The Partnerships and the Investment Manager will be subject to various securities laws and regulations that may limit some aspects of the Partnership’s operations or subject the Partnership or the Investment Manager to the risk of sanctions for noncompliance. The securities and derivatives markets are subject to comprehensive statutes, regulations, and margin requirements. In addition, the SEC, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities and derivatives both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Partnerships is impossible to predict but could be substantial and adverse.

There can be no assurance that more recent or future laws will not modify, limit, or otherwise affect the prospects and profitability of the Partnerships and their investments. Current economic conditions, and unprecedented and ongoing government intervention, may result in unforeseen negative consequences to the Partnerships and its Limited Partners.

#### *Security Risks*

See the private offering materials for other risks related to operations, cyber and information security.

#### *Tax Related Risks*

##### *Uncertainty and Complexity of Tax Treatment*

The tax aspects of an investment in a Partnerships are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors will thus be subject to the risk caused by the uncertainty of the tax consequences with respect to an investment in the Partnerships. Each prospective investor should have the tax aspects of an investment in the Partnerships reviewed by professional advisors familiar with such investor’s personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles.

### Risk of Adverse Determination

There can be no assurance that the conclusions set forth in this Memorandum will not be challenged successfully by the Internal Revenue Service (the “Service”) or any other taxing authority, or significantly modified by new legislation, changes in the Service’s positions or court decisions. The Partnerships have not applied for, nor does it expect to apply for, any advance rulings from the Service with respect to any of the U.S. federal income tax consequences described in this Memorandum. No representation or warranty of any kind is made by the General Partner with respect to the U.S. federal income tax consequences relating to an investment in the Partnerships. The Partnerships may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Service or other applicable taxing authority, there could be a materially adverse effect on the Partnerships, and a Limited Partner might be found to have a different tax liability for that year than that reported on its income tax returns.

### Risk of Tax Audit

An audit of the Partnerships by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Partnerships and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner’s investment in the Partnerships. If audit adjustments result in an increase in a Limited Partner’s income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment.

### Entity-Level Audits

Pursuant to the U.S. Bipartisan Budget Act of 2015, as amended, or any similar state or local tax rules (“BBA”), the Service is generally permitted to determine adjustments to items of income, gain, deduction, loss or credit of the Partnerships, and assess and collect taxes attributable thereto (including any applicable penalties and interest), at the Partnership level. Although certain elections or other procedures may be available to mitigate the impact of such determination, assessment or collection, there can be no assurances that the Partnerships will avoid, or be able to avoid, any entity-level determination, assessment or collection. In addition, any such elections or procedures may have differing results on the tax liability of Limited Partners depending on the tax status of each Limited Partner, and the Partnership may not be able to take into account the particular facts or circumstances of a Limited Partner. A Limited Partner may be required to bear a share of the economic burden of taxes so assessed or collected without regard to whether such person was a Limited Partner, or without regard to its relative ownership interest, during the taxable year of the Partnerships to which such taxes relate. Each partnership required to file, or that files, a U.S. income tax return, must designate a representative under the BBA (the “Partnership Representative”) with the sole authority to act on behalf of, and to bind, the partnership, its partners, and any other person whose tax liability is determined by taking into account adjustments under the BBA. Limitations on the authority of the Partnership Representative in the Partnership Agreement or in any other agreement will not be binding during examinations upon audit or any other proceedings. In addition, Limited Partners will not be able to participate in any such examinations or proceedings without permission of the Service. Limited Partners should note that the BBA regime is complex and that the impact on any current or future allocations made or cash available for distributions or withdrawals by the Partnerships is uncertain. The Partnerships

may also be exposed to the risk that these rules apply to any entity treated as a partnership for U.S. federal income tax purposes in which the Partnerships directly or indirectly invests. The legal and accounting costs incurred in connection with any audit of the Partnerships will be borne by the Partnerships. The cost of any audit of any Limited Partner will be borne solely by such Limited Partner. Prospective Limited Partners should consult their own tax advisors in this regard.

#### Tax Liabilities Without Distributions

If the Partnerships have taxable income in a fiscal year, each Limited Partner will be taxed on that income in accordance with its allocable share of the Partnership's profits, whether or not such profits have been distributed. Because the General Partner anticipates that there will be no cash distributions to the Limited Partners, an investor may incur tax liability with respect to activities of the Partnerships without receiving sufficient distributions from the Partnerships to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnerships may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnerships may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Partners.

#### Delayed Schedules K-1

The Partnerships will provide Schedules K-1 as soon as practicable after receipt of all the necessary information. However, the Partnerships may be unable to provide final Schedules K-1 to Limited Partners for any given tax year until significantly after April 15 of the following year. Upon request, the General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Partnerships on or before such date, but final Schedules K-1 may not be available until completion of the Partnership's annual audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state, and local levels.

#### Unrelated Business Taxable Income

The Partnerships may make investments or engage in activities that give rise to UBTI under Sections 512 and 514 of the Code. Thus, an investment in the Partnerships may not be desirable for certain tax-exempt investors. For example, the Partnerships may incur leverage giving rise to UBTI or participate in investments that give rise to UBTI through entities that are treated as partnerships for U.S. federal income tax purposes. Because of the "flow-through" principles applicable to partnerships, if UBTI is earned by the Partnerships, a tax-exempt investor in the Partnership will realize UBTI. Because of the Investment Manager's objective of maximizing the pre-tax returns of all the Limited Partners, the Investment Manager may be required to make certain decisions to maximize pre-tax returns that result in Tax-Exempt U.S. Investors (as defined below) recognizing more UBTI than might otherwise be the case. In some cases, the Investment Manager may forego actions regarding the acquisition, financing, management, and disposition of assets that would reduce UBTI because such actions would reduce the overall pre-tax returns to all the Limited Partners.

### Tax Considerations Taken into Account

The General Partner may take tax considerations into account in determining when the Partnership's investments should be sold or otherwise disposed of. The Partnerships may take on certain market risk and incur certain expenses, in this regard, in an attempt to achieve a form of tax treatment with respect to a transaction. Pursuant to the Tax Cuts and Jobs Act, signed into law on December 22, 2017, the holding period of a capital asset must exceed three years for gain from the disposition of such asset to be treated as long-term capital gain (and subject to preferential tax rates) with respect to certain partnership interests. Typically, for Limited Partners the holding period must only exceed one year for gain to be treated as long-term capital gain. It is expected that the interest of the General Partner will be subject to the three-year holding period rules. This would result in a conflict of interest between the General Partner and the Limited Partners with respect to certain investments. The General Partner will endeavor to utilize a uniform investment strategy which determines the timing of the disposition of investments based on valuations, industry trends and market opportunities. However, there can be no assurances that this potential conflict of interest will not result in the Partnerships taking on market risk with respect to the timing of the disposition of certain investments.

### Tax Changes

Investors will be subject to the risk that changes to the tax law may adversely affect the U.S. federal income tax consequences of their investment in the Partnerships. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Partnerships. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Partnership, in which event any benefits derived from an investment in the Partnerships may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Partnership and/or the Limited Partners. Enactment of such legislation, or similar legislation, could require significant restructuring of the Partnerships in order to mitigate such effects.

### Non-U.S. Investments and Emerging Markets

Certain investments made by the Partnerships may be subject to foreign taxes, including brokerage, stamp, withholding or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. All distributions to the Partnerships will be made net of any taxes payable on those distributions or on amounts out of which they are distributed (including any corporate, foreign, local, and withholding taxes). Investing in the securities of companies located outside the U.S. involves certain tax considerations not usually associated with investing in securities of U.S. companies. With respect to certain countries, there is a possibility of confiscatory taxation, the imposition of withholding or other taxes on dividends, interest, capital gains or other income and less favorable tax provisions. In addition, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated.

Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if the Partnership invests significantly in a particular country.

The foregoing is not intended to be an exhaustive analysis or listing of the tax risks associated with an investment in the Partnerships. Many of the relevant tax considerations will vary depending on a prospective Limited Partner's individual circumstances. The tax aspects associated with such an investment are complex and complicated and are subject to a variety of interpretations. Prospective Limited Partners are strongly urged to review the discussions below under "*Section 15 – Certain United States Federal Tax Considerations*" and "*Section 16 – ERISA and Other Regulatory Considerations*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Interests, and to seek and rely upon the advice of their own tax advisor who is qualified to discuss the foregoing and other possible tax risks.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor or a potential investor's evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information applicable to this Item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

- A. Neither the Adviser, nor any of its management persons, is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker dealer.
- B. The General Partner is not registered as a commodity pool operator ("CPO") in reliance on CFTC Rule 4.13(a)(3). CFTC Rule 4.13(a)(3) exempts the General Partner from compliance with the requirements applicable to registered CPOs with respect to the Partnership because, among other required elements, the Partnership is operated pursuant to the following criteria: (1) Interests are exempt from registration under the 1933 Act and are offered and sold without marketing to the public, (2) each participant in the Partnership is an accredited investor as defined in Rule 501 of Regulation D under the Securities Act, and (3) the Partnership's commodity interest positions will be limited as set forth under CFTC Rule 4.13(a)(3). As a result, the Limited Partners will not receive the disclosure document and certified annual reports that registered CPOs are ordinarily required to provide. The Investment Manager is not registered as a commodity trading advisor in reliance on one or more exemptions therefrom.
- C. BAG Securities, L.L.C. owns an interest in the NorCap entities. Mr. Bolton Walters is also the Principal and senior managing member of BAG Securities, L.L.C, a Texas limited liability company (also dba Capital Park Securities, L.L.C and Bank Advisory Group Securities, L.L.C), who is the general partner and investment manager for the BAG Securities Fund, LP, a Delaware limited partnership (also d/b/a Capital Park Securities Fund, L.P. and Bank Advisory Group Securities Fund, L.P.). These entities manage capital on behalf of U.S. community bank holding companies, subsidiary bank trust departments, and other qualified U.S. and foreign investors.

Mr. Walters also serves on the Board of Directors for Capital Park SPC, a Cayman Islands exempted segregated portfolio company managed by Capital Park Securities, L.L.C.. Because of

the newly acquired ownership in NorCap, Mr. Walters is actively working to restructure the management of these entities.

Mr. Walters and other Directors and Officers of the Adviser retain passive, non-management interests in other sponsored limited partnerships not related to the NorCap entities.

- D. NorCap Investment Management, L.P., has served as a Trading Adviser to BAG Securities, L.L.C. since 2011, and began trading for the BAG Securities Fund, L.P. in January of 2012. BAG Securities, L.L.C., is an exempt reporting adviser with the Securities and Exchange Commission (SEC) and is the general partner, investment manager and investment adviser for BAG Securities Fund, L.P.

An affiliate of the Adviser, NorCap Management, L.P., serves as General Partner of the Funds, and, in this capacity, is entitled to receive a performance allocation.

The Adviser does not recommend or select other investment advisers for its *Clients*.

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

As part of an overall internal compliance program, the Adviser has adopted a Code of Ethics that imposes standards of business conduct, including requirements to put *Client* interests first and not to take inappropriate advantage of employment-related information, seeks to minimize potential conflicts of interests between employees and investment advisory *Clients* and helps to ensure compliance with applicable laws and regulations.

The Code of Ethics also imposes restrictions on employee personal securities transactions and accounts. Such restrictions include prohibitions on trading in securities while in possession of material, nonpublic information and reporting of personal securities accounts, transactions and/or holdings as required by Rule 204A-1 under The Advisers Act.

The Code of Ethics also generally requires the Adviser's partners, officers, and employees to obtain pre-approval of certain securities transactions that conflict with the *Client* transactions. Existing and prospective Adviser *Clients* may obtain an overview of the Adviser's policies, by mailing a written request for such document to the Chief Compliance Officer at the physical address detailed on the first page of this document or by e-mail to [cco@norcapfunds.com](mailto:cco@norcapfunds.com).

Subject to the provisions of the Code of Ethics, which provide that all personal securities transactions must be conducted in such a manner as to avoid any actual, apparent or potential conflict of interest or any abuse of an employee's position of trust and responsibility, the employees can be restricted to buy or sell certain securities for a time period, but not prohibited permanently, therefore, Adviser's officers and employees may from time-to-time have acquired or sold, or may subsequently acquire or sell, for their personal accounts securities which may at one time been purchased or sold for the accounts of the Adviser's *Clients*.

The Adviser, its affiliates and partners, officers and employees may engage in transactions or cause or advise a particular *Client* to engage in transactions which may differ from or be identical to the transactions engaged in by the Adviser for other accounts. The Adviser shall not have any obligation to engage in any

transaction for a *Client*'s account or to recommend any transaction to a *Client* in which any of the Adviser's affiliates may engage either for their own accounts or the account of any other *Client*, except as otherwise required by applicable law.

The Adviser does not engage in agency cross transactions or principal transactions.

## **Item 12 – Brokerage Practices**

The Investment Manager generally has the authority to make all determinations regarding securities to be purchased or sold, the amount of such securities to be purchased or sold, the use of broker-dealers and commissions paid.

In placing orders, the Investment Manager seeks to obtain best execution taking into account factors such as (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the firm's risk in positioning a block of securities; (v) the quality, comprehensiveness and frequency of available research services considered to be of value; and (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

While the Investment generally seeks the best price in placing its orders, an account may not necessarily be paying the lowest price available.

The Investment Manager does not currently generate "soft dollars" with respect to any *Client* account. If the Adviser were to use "soft dollars," it intends to do so within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended.

In selecting or recommending broker-dealers, the Investment Manager does not consider whether the Adviser or an affiliate receives investor referrals from such broker-dealer. The Investment Manager does not accept directed brokerage arrangements.

The Investment Manager does periodically aggregate *Client* trades. *Clients* participating in aggregated orders will generally receive the same average price. In certain instances, the Adviser may need to execute multiple trades in the same security through different broker-dealers because a particular broker-dealer may not be able or willing to trade in the quantity or price that the Adviser seeks. In such cases, the aggregation of such orders is not practically possible as most trade orders are executed or filled when they are placed and, as a result, each trade order placed with a different broker-dealer is considered a separate order and different accounts will not participate in an average price.

## **Potential Conflicts of Interest**

The Investment Manager serves as investment manager to other *Client* accounts, including other collective investment vehicles which are managed by the General Partner and/or its affiliates and in which the General Partner or any of its affiliates may have an equity interest. Any of these other *Client* accounts may have objectives similar to that of the Partnerships. The Investment Manager may add new accounts or investment

vehicles in the future with similar or different investment strategies and in which the Investment Manager or any of its affiliates may have an equity interest.

The Partnership Agreement(s) require that the General Partner act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities or any restrictions on the nature or timing of investments for the account of the Partnership and for the General Partner's own account or for other accounts which the General Partner may manage. The General Partner is not obligated to devote any specific amount of time to the affairs of the Partnerships and is not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors. The General Partner are not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors. The foregoing is also true of the Investment Manager.

If the Investment Manager determines that it would be appropriate for the Partnerships and one or more other *Clients* managed by the Investment Manager to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis. If the Investment Manager has determined to invest at the same time for more than one of the investment accounts under its management, the Investment Manager will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager will allocate the trade among the different accounts on a basis that it considers equitable. Also, there may be circumstances where combined orders are not available or operationally prohibitive, as with management of onshore, offshore or sub advised accounts with similar mandates but differing service providers, infrastructure, or portfolio compliance responsibilities, and therefore pro rata investment, price and cost allocation may not be available. The Adviser will seek to balance these factors to achieve an equitable result under the circumstances. *Client* directed or other restrictions may affect the allocation of an order. If any directed restriction from the Partnerships or another account is placed on a particular security or group of securities, the order will be allocated to the other participating accounts as described above. The Investment Manager formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each *Client* and other factors set forth above across the various *Client* accounts. Situations may occur where the Partnerships could be disadvantaged because of the investment activities conducted by the Investment Manager for other investment accounts.

The Investment Manager's authority to use "soft dollar" credits generated by the Partnership's securities transactions to pay for expenses that might otherwise have been borne by the Investment Manager may give the Investment Manager an incentive to select brokers or dealers for Partnership transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Investment Manager rather than giving exclusive consideration to the interests of the Partnerships.

Subject to certain restrictions, pre-clearance and reporting requirements set forth in the Investment Manager's compliance manual, the principals, as well as the employees and officers thereof and of organizations affiliated with the Investment Manager and General Partner ("Affiliates"), may buy and sell securities for their own accounts or the accounts of others, but may not buy securities from or sell securities to the Partnerships. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnerships has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Affiliates are not obligated to account to the Partnerships for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnerships any of the investment or service opportunities obtained through such activities.

NorCap's Chief Risk Officer (CRO) is related to a Managing Director of an agency broker that executes trades for the Adviser. The brokerage firm is not a related entity and the CRO receives no financial benefit from the relationship which was established with the Adviser long before employment.

### **Item 13 – Review of Accounts**

The *Client* accounts are reviewed regularly, and, in any event, at least daily, by the Chief Risk Officer or assigns. NorCap's in-house Controller does a reasonableness review. The Adviser will make appropriate adjustments to the investments held in a *Client* account as promptly as practicable after identifying the need for a change in such account. The Controller will review records relating to the trading in each *Client* account on an ongoing basis and, in conjunction with the applicable portfolio manager(s) for the account, will monitor the suitability of such trades in light of any applicable policies, investment objectives, investment or other restrictions and previous disclosures made to *Clients*.

NAV Consulting, Inc. (the "Administrator" or "NAV") has been engaged as the administrator of the Fund pursuant to a service agreement with the Fund (the "Service Agreement"). The Administrator is responsible for, among other things, calculating the Fund's net asset value, verifying the Performance Allocation and Management Fee (each as defined below), performing certain other accounting and back-office functions, processing capital subscription, withdrawal, and transfer activities of Limited Partners, and performing certain applicable anti-money laundering functions and related administrative service.

Investors in the Funds generally receive from NAV, monthly statements regarding their accounts in the Funds that include details pertaining to the performance and current market value of such accounts during the applicable reporting period as set forth in the Funds' private placement memoranda. NAV Consulting is performing final option pricing from CBOE system and for T bills they use IBC. NorCap's in-house Controller performs a reasonableness review.

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

The Adviser has referral or solicitation arrangements with non-affiliated persons or entities to which the Adviser pays compensation for the referral of business.

Any such arrangements are pursuant to written arrangements consistent with Rule 206(4)-3 of The Advisers Act. The Adviser and/or the solicitation agent will make appropriate disclosures of such arrangements to

the Fund and the Fund does not bear the cost of such referral or solicitation fees, nor is the advisory fee higher than the advisory fee to other Funds because of such payments.

#### **Item 15 – Custody**

The Adviser is deemed to have custody of the assets of each Fund. The Adviser maintains each Fund's accounts with a "qualified custodian" in accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). The Adviser may use more than one prime broker/custodian. The names and addresses of the Prime broker/custodians are detailed in the private placement memorandum(s). To comply with the requirements of the Custody Rule, each Fund is audited each year in accordance with GAAP by an independent public accountant and these audited financial statements are provided to Fund investors within 120 days of fiscal year end.

When necessary, example, in times of pandemic or other business interruption, the Adviser's employees can work from other offices, including secondary or home offices, other than the principal place of business located at 8350 N. Central Expressway, Suite 725, Dallas, Texas. This is for the purpose of temporary telework and not intended for extended time periods. The Adviser expects to have continued access to mail and deliveries at the principal office. Any process to the contrary, the Adviser will provide investor and regulatory notice.

#### **Item 16 – Investment Discretion**

The Investment Manager has discretionary authority to trade on behalf of each of the *Clients*. Such authority is set forth in the investment management agreement between the Adviser and each Fund or in the sub-adviser agreement. In all cases, the Investment Manager exercises such discretion in a manner consistent with the stated investment objectives in the investment management agreement and the *Clients'* private placement memoranda.

#### **Item 17 – Voting *Client* Securities**

The Investment Manager maintains a policy seeking to ensure all proxies (or similar instruments) are voted in the best interest of *Clients*, including where there may be material conflicts of interest in voting proxies. The Investment Manager and General Partner generally believe their interests are aligned with the *Clients* and its Investors through, for example, their direct/indirect beneficial ownership interests in such *Clients* and therefore will not seek investor approval or direction when voting proxies. Therefore, there is a risk that a proxy vote may not align with the wishes of an individual investor. There may also be circumstances which create a conflict of interest in voting proxies as between the Investment Manager/General Partner and the *Clients* or as between *Clients*. In the event that there is or may be a conflict of interest in voting proxies, the Investment Manager may address the conflict using several alternatives, including internal assessment and resolution of such conflicts in favor of the best interests of the *Clients*, which may require interest balancing, or by seeking the approval, concurrence, or ratification of any then-established *Client* Investment Committee.

If the Adviser exercises voting authority with respect to its *Clients*, it must make and retain the following:

(a) a copy of each proxy statement that the Adviser receives regarding *Client* securities, but may rely on obtaining a copy of a proxy statement from the SEC's Electronic Data Gathering Analysis, and Retrieval

(EDGAR) system; (b) a record of each vote cast by the Adviser on behalf of a *Client*; (c) a copy of any document created by the Adviser that was material to making a decision how to vote proxies on behalf of a *Client* or that memorializes the basis for that decision; and (d) a copy of each written *Client* (or investor) request, if any, for information on how the Adviser voted proxies on behalf of the *Client*, and a copy of any written response by the Adviser to such a request.

The Investment Manager will provide Limited Partners, with information about how a proxy was voted, or with a copy of the proxy voting policy and related procedures, upon written request to the Chief Compliance Officer, NorCap Investment Management, L.P., 8350 North Central Expressway, Suite 725, Dallas, Texas 75206.

#### **Item 18 – Financial Information**

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to *Clients* and has not been the subject of a bankruptcy proceeding.

In 2020, certain *Clients* filed a claim against a Prime Brokerage firm they used from 2013 through 2019 and is seeking resolution through FINRA arbitration.

As part of the Cares Act, NorCap Investment Management, L.P. was eligible for a paycheck protection plan loan, and received \$132,500. from the SBA. NorCap obtained the loan due to the uncertainty of the extent and duration of Covid-19 on its business operations. The proceeds were primarily used for salaries for employees responsible for performing advisory functions. Fortunately, NorCap was able to proceed smoothly in its business activities and anticipates future operations at normal capacity. The Adviser was able to meet its contractual commitments to its *Clients* during this time. This loan was forgiven in February 2021.

# David Russell Norcom

Part IIB of Form ADV Brochure Supplement

NorCap Investment Management, LP  
8350 N Central Expy, Suite 725  
Dallas, Texas 75206  
972-701-8816  
[www.norcapfunds.com](http://www.norcapfunds.com)

March 31, 2021

This brochure supplement provides information about David Norcom that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## Item 1- Educational Background and Business Experience

*Name:* David Russell Norcom

*Year of Birth:* 1951

*Formal Education:* Mr. Norcom is a graduate of Texas A&M University and Austin Presbyterian Theological Seminary, having received a BBA in management and economics in 1972 and a Master of Divinity in 1977, respectively. He is also a certified graduate of the Pension Fund Management course from the University of Pennsylvania’s Wharton School of Business.

*Business Background:* Mr. Norcom is the Chief Investment Officer of NorCap Investment Management, L.P. and Principal of NorCap Advisors, LLC. Mr. Norcom co-created the proprietary option pricing model and the initial option investment strategy used by the Adviser.

Prior to NorCap, Mr. Norcom spent over 25 years serving as an institutional consultant and investment advisor at Smith Barney and Morgan Keegan & Co. He has been published in Texas Business Magazine, Dallas-Ft. Worth Magazine, Southwest Airlines Magazine, Forum Magazine and Registered Representative.

Mr. Norcom is past president of the Association for Professional Investment Consultants. He has also served on many boards/committees including the Investment Advisory Committee to the State of Texas Permanent School Fund, the Investment Advisory Board to the Lowry Mays Graduate School of Business and the New York Stock Exchange Disciplinary Hearing Board. He is also a past member of the International Foundation of Employee Benefit Plans and the Investment Management Consultants’ Association.

## Item 2- Disciplinary Information

None.

**Item 3-Other Business Activities**

N/A

**Item 4-Additional Compensation**

N/A

**Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Compliance review. The Adviser supervises Mr. Norcom and monitors the advice he provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. For questions regarding Mr. Norcom's investment advisory activities contact the Adviser's Chief Compliance Officer at (972) 701-8818.

**Item 6- Requirements for State-Registered Advisers**

- A. N/A
- B. N/A

# James Bolton Walters

Part IIB of Form ADV Brochure Supplement

NorCap Investment Management, LP  
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[www.norcapfunds.com](http://www.norcapfunds.com)

March 31, 2021

This brochure supplement provides information about Bolton Walters that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## Item 1- Educational Background and Business Experience

*Name:* James Bolton Walters

*Year of Birth:* 1973

*Formal Education:* Mr. Walters is a *cum laude* business graduate of Texas A&M University and earned his Juris Doctorate (J.D.) and Master of Business Administration (M.B.A) from Baylor University. He is a member of the State Bar of Texas but does not provide legal advice to the Adviser, partnerships or funds.

*Business Background:* Mr. Walters is a Managing Director of NorCap Investment Management, L.P. and Principal of NorCap Advisors, LLC.

Previously, Mr. Walters served as a political appointee and Senior Adviser for Commercial and Business Affairs at the U.S. State Department. In this role, he was responsible for commercial advocacy on behalf of hundreds of U.S. companies operating abroad. He also advised senior business executives and U.S./foreign government officials on a wide-range of issues including facilitating equity, debt and project financing, exports and imports, negotiations and disputes, public tenders, greenfield and brownfield projects, competitive and geo-political intelligence, navigating U.S. and foreign legal, regulatory and political frameworks, small business creation and attracting foreign direct investment. Mr. Walters began his executive government experience with an appointment working for a Commissioner at the U.S. Commodity Futures Trading Commission (“CFTC”); the federal agency responsible for overseeing U.S. financial futures, derivatives and option markets. Mr. Walters also served as a Senior Adviser to the U.S. State Department and was on the team responsible for the 2004 G8 Summit.

Mr. Walters began his career practicing law in Austin, Texas, advising *Clients* on a range of matters including business and real estate transactions. He also served as Executive Director and General Counsel for two state-wide associations for technology and e-commerce companies.

## **Item 2- Disciplinary Information**

None.

## **Item 3-Other Business Activities**

Mr. Walters is also the Principal and senior managing member of BAG Securities, L.L.C, a Texas limited liability company (also d/b/a Capital Park Securities, L.L.C and Bank Advisory Group Securities, L.L.C), who is the general partner and investment manager for the BAG Securities Fund, L.P., a Delaware limited partnership (also d/b/a Capital Park Securities Fund, L.P. and Bank Advisory Group Securities Fund, L.P.). These entities manage capital on behalf of U.S. community bank holding companies, subsidiary bank trust departments, and other qualified U.S. and foreign investors.

Mr. Walters also serves on the Board of Directors for Capital Park SPC, a Cayman Islands exempted segregated portfolio company managed by Capital Park Securities, L.L.C.

Mr. Walters has a passive ownership in other investment entities that he does not actively manage.

## **Item 4-Additional Compensation**

N/A

## **Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Compliance review. The Adviser supervises Mr. Walters and monitors the advice he provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. Mr. Walters conducts business in the Adviser's primary Dallas office and also in the Austin office. For questions regarding Mr. Walters investment advisory activities contact the Adviser's Chief Compliance Officer at (972) 701-8818.

## **Item 6- Requirements for State-Registered Advisers**

- C. N/A
- D. N/A

# Terrence Joseph Brown

Part IIB of Form ADV Brochure Supplement

NorCap Investment Management, LP  
8350 N Central Expy, Suite 725  
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March 31, 2021

This brochure supplement provides information about Terrence Brown that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## **Item 1- Educational Background and Business Experience**

*Name:* Terrence Joseph Brown

*Year of Birth:* 1958

*Formal Education:* studied management and economics at Western Illinois University

*Business Background:* Mr. Brown serves as Chief Risk Officer for NorCap Investment Management, L.P.

Mr. Brown began his career in 1983 at the Chicago Board Options Exchange, and he went on to become an Options Market Maker. Prior to NorCap, Mr. Brown also served as a Trader, Risk Management Analyst, Managing Partner, and co-owner of such firms as Panos Trading and CBM Trading, LLC. Mr. Brown has extensive expertise in index options and index futures, as well as experience with regulatory inquiries and examinations. Mr. Brown was a member of the CBOE OEX Pit Committee from 1996 to 2002. Overall, Mr. Brown has 27 years of experience in the financial services industry.

## **Item 2- Disciplinary Information**

None.

## **Item 3-Other Business Activities**

N/A

**Item 4-Additional Compensation**

In addition to a base salary, beginning October 1, 2020, Mr. Brown is eligible to receive a percentage of earned incentive fees paid quarterly in connection with all funds in which he serves as the Chief Risk Officer for the Adviser.

**Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. Brown and monitors the advice he provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. Brown's investment advisory activities is: Mr. David Norcom, Chief Investment Officer of the Investment Manager and Principal of NorCap Advisors, LLC (972) 701-8816.

**Item 6- Requirements for State-Registered Advisers**

- A. N/A
- B. N/A

# Kenneth Lewis Tananbaum

Part IIB of Form ADV Brochure Supplement

NorCap Investment Management, LP  
8350 N Central Expy, Suite 725  
Dallas, Texas 75206  
972-331-4440  
[www.norcapfunds.com](http://www.norcapfunds.com)

March 31, 2021

This brochure supplement provides information about Kenneth Tananbaum that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## Item 1- Educational Background and Business Experience

*Name:* Kenneth Lewis Tananbaum

*Year of Birth:* 1968

*Formal Education:* Mr. Tananbaum is a graduate of Yale University having received a BA in economics and political science in 1990.

*Business Background:* Mr. Tananbaum is a Portfolio Manager of NorCap Investment Management, L.P.

Prior to NorCap, Mr. Tananbaum has over 28 years of investment experience in various roles as an Equity Options Trader, Chief Investment Officer, and Senior Vice President of Convertible Securities in HBK Investments, Arbitex Asset Management LLC, or Palisade Capital management LLC. He was also co-founder, General Partner and Chief Investment Officer of Tugar Capital Management LP.

Mr. Tananbaum was a Member of the American and New York Stock Exchanges and served as a Specialist and Options Market Maker on both Exchanges.

## Item 2- Disciplinary Information

N/A

## Item 3-Other Business Activities

N/A

**Item 4-Additional Compensation**

In addition to a base salary, beginning October 1, 2020, Mr. Tananbaum is eligible to receive a percentage of earned incentive fees paid quarterly in connection with all funds in which he serves as a Portfolio Manager for the Adviser.

**Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client's* investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. Tananbaum and monitors the advice he provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. Tanenbaum's investment advisory activities is: Mr. David Norcom, Chief Investment Officer of the Investment Manager and Principal of NorCap Advisors, LLC (972) 701-8816.

**Item 6- Requirements for State-Registered Advisers**

- A. N/A
- B. N/A

# James Allen White, Jr.

Part IIB of Form ADV Brochure Supplement

NorCap Investment Management, LP  
8350 N Central Expy, Suite 725  
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972-331-4440  
[www.norcapfunds.com](http://www.norcapfunds.com)

March 31, 2021

This brochure supplement provides information about James White that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## Item 1- Educational Background and Business Experience

*Name:* James Allen White, Jr.

*Year of Birth:* 1963

*Formal Education:* Mr. White is a graduate of Washington and Lee University and University of Chicago Booth School of Business, having received a BA in business administration in 1986 and a Master of Business Administration - Finance in 1997, respectively.

*Business Background:* Mr. White is a Portfolio Manager of NorCap Investment Management, L.P.

Prior to NorCap, Mr. White was an Options Market Maker, Managing Director, Senior Vice President Portfolio Management, or Principal and Portfolio Manager of firms such as Tugar Capital Management LP, Palisade Capital Management LLC, and Excelsior Capital Management LLC. He was also co-founder, General Partner and Managing Director of Tugar Capital Management LP. Mr. White was a Member of the Chicago Mercantile Exchange and the Chicago Board of Trade. He has appeared on CNBC as well as other news media outlets. Prior to entering the financial industry Mr. White was a combat ready fighter pilot with the United States Air Force—achieving the rank of Captain.

## Item 2- Disciplinary Information

None.

## Item 3-Other Business Activities

Mr. White has passive ownership in an investment entity that he does not actively manage.

#### **Item 4-Additional Compensation**

In addition to a base salary, beginning October 1, 2020, Mr. White is eligible to receive a percentage of earned incentive fees paid quarterly in connection with all funds in which he serves as a Portfolio Manager for the Adviser.

#### **Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client*'s investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mr. White and monitors the advice he provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mr. White's investment advisory activities is: Mr. David Norcom, Chief Investment Officer of the Investment Manager and Principal of NorCap Advisors, LLC (972) 701-8816.

#### **Item 6- Requirements for State-Registered Advisers**

- A. N/A
- B. N/A

# Tina Louise Hernandez

Part IIB of Form ADV Brochure Supplement

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972-331-4442  
[www.norcapfunds.com](http://www.norcapfunds.com)

March 31, 2021

This brochure supplement provides information about Tina Hernandez that supplements the NorCap Investment Management, LP (“The Adviser”) brochure you are receiving attached. Please contact the Chief Compliance Officer, at 972-701-8818 if you have any questions about the contents of this supplement.

## **Item 1- Educational Background and Business Experience**

*Name:* Tina Louise Hernandez

*Year of Birth:* 1969

*Formal Education:* Tina Hernandez is a graduate of Cornell University, Ithaca, New York, having received a BA in government.

*Business Background:* Tina Hernandez is the Director of Business Development and Investor Relations of NorCap Investment Management, L.P.

Prior to NorCap, Tina Hernandez Co-Founded the Sub Saharan Opportunity Fund, a private equity credit fund in Dallas, Texas. She began her career with Dean Witter InterCapital, Inc, in New York as a systems analyst. Following Dean Witter, she was a Trader/Business Analyst for Montgomery Asset Management, LLC and then Senior Trader for Avalon Global Asset Management, LLC, then as Head Trader for Precept Capital Management LLC. From 2003-2013 she was Convertible Arbitrage Trader for Arbitex Asset Management and Tugar Capital (spun out of Arbitex). Tina currently serves as a Trustee on the Dallas Fire and Police Pension Board. Tina holds a Series 7 General Securities Representative License and 63 Securities License. The security licenses are not used in the business for the Adviser.

## **Item 2- Disciplinary Information**

None.

**Item 3-Other Business Activities**

Tina has passive ownership in an investment entity that she passively manages.

**Item 4-Additional Compensation**

Salaried. No other compensation.

**Item 5-Supervision**

The Adviser is required to manage *Client* accounts in accordance with the investment guidelines and limitations described in a *Client*'s investment management agreement with the Adviser (and, in the case of funds, in the fund's offering documents). The Adviser monitors adherence to these guidelines utilizing various mechanisms, including electronic trade monitoring and periodic Controller and/or Compliance review. The Adviser supervises Mrs. Hernandez and monitors the advice she provides to *Clients* through regular reviews of *Client* trading and positions for adherence to *Client* investment guidelines and the Adviser's internal policies and procedures. The name and contact information for the person responsible for supervising Mrs. Hernandez activities is: Mr. David Norcom, Chief Investment Officer of the Investment Manager and Principal of NorCap Advisors, LLC (972) 701-8816.

**Item 6- Requirements for State-Registered Advisers**

- C. N/A
- D. N/A