

Permit Capital, LLC
100 Front Street, Suite 900
West Conshohocken, PA 19428
www.permitcap.com

Part 2A of Form ADV: Firm Brochure

March 31, 2021

This brochure provides information about the qualifications and business practices of Permit Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 610-941-5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

Below is a summary of the material changes made to our brochure since our last annual update.

- In Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:
As part of its ongoing risk-based assessment of its compliance program, the Adviser made enhancements to the contents of Item 11.

Item 3: Table of Contents

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Item 4: Advisory Business

A. General Description of Advisory Firm

Founded in 2002, Permit Capital, LLC, a Delaware limited liability company ("Permit Capital" or "we"), is an independent investment advisory firm that structures and manages private investment funds. Permit Capital was originally formed to invest the financial assets of its founders, their families and close associates through privately held limited partnerships.

Each of the following individuals owns 25% or more of Permit Capital and they are our principal owners: Richard B. Worley and Peter C. Morse.

B. Description of Advisory Services

Our sole business consists of managing private investment funds on a discretionary basis. We offer three different types of investment programs for our fund clients:

- (i) direct investment programs where we invest in public and/or privately held securities;
- (ii) fund-of-funds investment programs where we invest in funds ("Underlying Investment Funds") managed by investment advisors and managers who are not affiliated with us ("Third Party Managers"); and
- (iii) investment programs that pursue a combination of direct investments and fund-of-funds investments.

Currently, we provide investment advice only to the following private investment funds. In this brochure, we may refer to them individually as a "Permit Fund" or collectively as the "Permit Funds".

- (i) Permit Capital Fund, L.P. ("Capital Fund") and its feeder fund, Permit Capital Cayman Fund, Ltd. ("Capital Cayman Fund")
- (ii) Permit Capital International Fund, L.P. ("International Fund")
- (iii) Permit Capital Telecom, L.P. ("Telecom Fund")
- (iv) Permit Capital Enterprise Fund, L.P. ("Enterprise Fund")
- (v) Permit Capital Private Equity Fund, L.P. ("Private Equity Fund")

Each of the Permit Funds (other than the Capital Cayman Fund) has been formed as a Delaware limited partnership. The Private Equity Fund is a series limited partnership. Each series of the Private Equity Fund is considered to be a separate Permit Fund, having its own investment strategy and group of investors and owns its own portfolio of securities. The Capital Cayman Fund is a Cayman Islands company.

From time to time, we may provide investment advice to newly formed private investment funds or newly formed series of existing Permit Funds.

We do not offer customized services for the Permit Funds or any investor in the Permit Funds. Instead, we manage the assets of the Permit Funds in accordance with the investment strategies and restrictions (if any) of the Permit Funds as set forth in their limited partnership agreements and confidential private placement memoranda. We also do not offer wrap fee programs or manage

individual client accounts. Investors purchase limited partnership interests in the Permit Funds and investments are made at the Permit Fund level, not for individual investors in the Permit Funds.

From time to time, we will engage other investment managers as sub-advisers (on a discretionary or non-discretionary basis) to assist us in the management of the Permit Funds or to identify and research investment opportunities for the Permit Funds. From time to time, we will engage other investment managers to assist us in the management of the Permit Funds. Currently, the Permit Funds have the following investment management/sub-advisory arrangements.

International Fund: The International Fund has retained Gardner Russo & Gardner (“Gardner Russo”) to manage its assets. The International Fund’s general partner, in consultation with Permit Capital, identifies the specific assets that are to be managed by Gardner Russo & Gardner, Inc. and Permit Capital. Gardner Russo has discretionary authority for investment decisions with respect to assets of the International Fund allocated to them for management. Gardner Russo is based in Lancaster, Pennsylvania. Gardner Russo is an SEC registered investment adviser.

Fund of Funds: With respect to Capital Fund and International Fund, Permit Capital has retained the services of Permit Capital Advisors, LLC (“PCA”), an SEC registered investment adviser based in West Conshohocken, Pennsylvania. PCA provides non-discretionary sub-advisory services to Permit Capital. This means that PCA helps us identify and research investment opportunities for these Permit Funds and assists us in monitoring investments identified by PCA and in which these Permit Funds are invested. However, we will make all investment decisions with respect to investment opportunities identified by PCA for such Permit Funds.

C. Assets Under Management

As of December, 31, 2020, Permit Capital managed \$537,073,084 on a discretionary basis. We do not manage any accounts on a non-discretionary basis.

Item 5: Fees and Compensation

A. Advisory Fees and Compensation

As compensation for our investment advisory services, each Permit Fund pays Permit Capital a management fee. All management fees are payable in arrears on a monthly or quarterly basis, depending on the terms of the governing agreements of the Permit Fund. We do not require the Permit Funds to pay our management fee in advance. The method of management fee calculation varies by fund and is described in the fee schedules listed under Item 6 (Performance-Based Fees and Side-by-Side Management) on page 3.

We submit an invoice for our management fees to the third party administrator of the Permit Funds (other than the Telecom Fund and the Enterprise Fund). The third party administrator, on behalf of the Permit Funds, will then pay us our management fee. In the case of the Telecom Fund and the Enterprise Fund, we submit our management fee invoices for those funds to their prime broker who will then pay us the management fees owed by them.

The management fee is not negotiable. However, Permit Capital, in its sole discretion, may waive the management fee with respect to any Permit Fund or any investor of a Permit Fund, in whole or in part.

B. Additional Fees and Expenses

Generally, each Permit Fund bears all of its expenses (including, but not limited to, fees and expenses relating to organizational, offering, operating, fund administration, custody, audit, tax return preparation and legal counsel) other than management expenses such as salaries, benefits, and costs of office space and facilities. Investors in each Permit Fund are allocated their pro rata share of the “fund” expenses incurred by such Permit Fund. Each Permit Fund may also incur brokerage and other transaction costs. See Item 12 below (Brokerage Practices) on page [1514](#) for additional information about these costs.

With respect to the sub-advisory services of PCA to the Capital Fund and International Fund, Permit Capital pays a portion of its management fee from such funds to PCA. In contrast, to the extent Gardner Russo is allocated specific assets of the International Fund to manage, the International Fund shall bear the management fee charged by such firms. The management fee charged by Gardner Russo is 1% (on an annualized basis) of the International Fund’s assets under its management, which fees are payable quarterly in arrears. The management fees charged by Gardner Russo are in addition to the management fee charged by Permit Capital to the International Fund and its investors. See Item 6 (Performance-Based Fees and Side-by-Side Management) for a schedule of the management fees charged by Permit Capital to the Capital Fund and International Fund.

A Permit Fund which has fund-of-fund investments (a “Permit Fund-of-Funds”) incurs two levels of fees. Such Permit Fund will incur expenses at the Permit Fund level and any expenses that the Underlying Investment Fund may charge. An Underlying Investment Fund may charge a Permit Fund management fees, performance fees and other fees and expenses relating to the operation of the Underlying Investment Fund.

Neither Permit Capital nor any of our supervised persons accepts compensation for the sale of securities (whether it is the sale of an interest in the Permit Fund or the sale of a security held by a Permit Fund).

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

A. Performance-Based Fees

Our affiliate, Permit Capital GP, L.P. (“Permit Capital GP”), is the general partner of each of the Permit Funds. Permit Capital GP, Inc., another affiliate of ours, serves as the general partner of Permit Capital GP.

Permit Capital GP is entitled to a performance fee from the Permit Funds as indicated below. Permit Capital GP, in its sole discretion, may waive the performance fee with respect to any Permit Fund or individual investor, in whole or in part.

Below is the fee schedule for each Permit Fund, including management fees and performance fees where applicable:

1. Capital Fund

- (a) Management Fee: 0.0417% (0.50% annualized) of the positive capital account balances of each limited partner of the Capital Fund as of the last day of each calendar month. The management fee is payable monthly in arrears.

- (b) Performance-Based Fee: None.
- 2. International Fund
 - (a) Management Fee: 0.0417% (0.50% annualized) of the positive capital account balances of each limited partner of the International Fund as of the last day of each calendar month. The management fee is payable monthly in arrears.
 - (b) Performance-Based Fee: None.
- 3. Telecom Fund
 - (a) Management Fee: 0.0834% (1% annualized) of the positive capital account balances of each limited partner of the Telecom Fund as of the last day of each calendar month. The management fee is payable monthly in arrears.
 - (b) Performance-Based Fee: 10% of the net profits (including unrealized gains) of the limited partners, subject to a hurdle of 10%. The performance fee is subject to a loss carryforward provision and is distributed to Permit Capital GP on an annual basis.
- 4. Enterprise Fund
 - (a) Management Fee: 0.0834% (1% annualized) of the positive capital account balances of each limited partner of the Enterprise Fund as of the last day of each calendar month. The management fee is payable in arrears monthly.
 - (b) Performance-Based Fee: 20% of the net profits (including unrealized gains) of the limited partners, subject to a hurdle of 8%. The performance fee is subject to a loss carryforward provision and is distributed to Permit Capital GP on an annual basis.
- 5. Private Equity Fund
 - (a) Private Equity Fund – Series A
 - (i) Management Fee: 0.25% (1% annualized) of the aggregate amount of capital invested by the Series A investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Fee: None.
 - (b) Private Equity Fund – Series B – Fully Liquidated
 - (i) Management Fee: 0.25% (1% annualized) of the aggregate amount of capital invested by the Series B investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.

- (ii) Performance-Based Fee: 15% of the realized net profits of the limited partners. This is often referred to as a “carried interest.” Distributions of this carried interest to Permit Capital GP will depend on the amount of cash available for distribution.
- (c) Private Equity Fund – Series B1 – Fully Liquidated
 - (i) Management Fee: 0.25% (1.00% annualized) of the aggregate amount of capital invested by the Series B1 investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Fee: 15% of the realized net profits of the limited partners. Distributions of this carried interest to Permit Capital GP will depend on the amount of cash available for distribution.
- (d) Private Equity Fund – Series C
 - (i) Management Fee: 0.25% (1.00% annualized) of the aggregate amount of capital invested by the Series C investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Fee: None.
- (e) Private Equity Fund – Series D
 - (i) Management Fee: 0.25% (1.00% annualized) of the aggregate amount of capital invested by the Series D investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Fee: None.
- (f) Private Equity Fund – Series G
 - (i) Management Fee: 0.25% (1.00% annualized) of the aggregate net asset value of the funds or portfolio companies in which the Series G investment pool is invested as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Fee: None.
- (g) Private Equity Fund – Series H
 - (i) Management Fee: 0.25% (1.00% annualized) of the amount of capital invested by the Series H investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
 - (ii) Performance-Based Based-Fee: 15% of the net realized profits of the limited partners, subject to payment of an 8% annual compounded

return. Distributions of this carried interest to Permit Capital GP will depend on the amount of cash available for distribution.

(h) Private Equity Fund – Series I

- (i) Management Fee: 0.25% (1.00% annualized) of the amount of capital invested by the Series I investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
- (ii) Performance-Based Based-Fee: None

(i) Private Equity Fund – Series J1

- (i) Management Fee: 0.20833% (0.25% annualized) of the amount of capital invested by the Series J1 investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
- (ii) Performance-Based Based-Fee: 10% of the net profits of the limited partners, subject to a hurdle of 20%, subject to such holders receiving 2.5 times the amount they invested in Series J1.

(j) Private Equity Fund – Series J2

- (i) Management Fee: None
- (ii) Performance-Based Based-Fee: 10% of the net profits of the limited partners, subject to such holders receiving 5 times the amount they invested in Series J2

(k) Private Equity Fund – Series J3

- (i) Management Fee: 0.20833% (0.25% annualized) of the amount of capital invested by the Series J1 investment pool as of the end of the calendar quarter. The management fee is payable quarterly in arrears.
- (ii) Performance-Based Based-Fee: 10% of the net profits of the limited partners, subject to a hurdle of 20%, subject to such holders receiving 2.5 times the amount they invested in Series J1.

B. *Potential Conflicts of Interest with Performance-Based Fees and Side-By-Side Management*

1. Performance-Based Fees

The performance-based fees described above create an incentive for our investment professionals to recommend or approve more speculative investments on behalf of the Permit Funds than would be the case in the absence of such arrangements. In addition, the performance-based fee, if made, could result in allocations to Permit Capital GP which is greater than fees normally paid to other investment managers for similar services.

Generally, if two or more Permit Funds have the same investment strategy, we will charge all of the Permit Funds with the same investment strategy a performance fee or no performance fee at all. We believe this avoids any potential conflict of interest in having one fund perform more favorably than another fund based on performance fee considerations.

2. Side-By-Side Management

Certain of our clients have similar investment objectives and from time to time we pursue similar investment strategies for multiple clients at the same time. In addition, we may give advice or take action with respect to one client's account that differs from the advice given with respect to another client. As a result of the foregoing, we have conflicts of interest in allocating investments among our clients and in effecting transactions for the our clients. We will ensure at all times that there is a fair allocation of investment opportunities among our clients. In the event of any potential conflicts of interest due to any other investment, we will act in the manner which they in good faith believe to be in the best interests of our clients.

(a) Allocation of Investment Opportunities – Generally

To the extent a particular investment is suitable for more than one client, such investment will generally be allocated among our clients for which such investment is suitable on a pro rata basis based on their respective amounts of capital available for investment ("Investable Capital") or in some other manner which we determine is fair and equitable under the circumstances to all clients.

For purposes of allocating investment opportunities on a pro rata basis based on Investable Capital, the Investable Capital of a client which is a pooled investment vehicle (i.e., a Permit Fund) means the aggregate amount of the capital commitments that such pooled investment vehicle may call for investment in new securities in accordance with its governance agreement. In making such determination, capital which is reserved for investment in pre-existing investments or reserved for current or future obligations of a pooled investment vehicle will be excluded. To the extent that a pooled investment vehicle has called all of its capital commitments, the portion of the capital contributions which has not been invested and is not otherwise committed to another investment will be such pooled investment vehicle's Investable Capital, provided that such pooled investment vehicle's investment period has not expired. For any client which is not a pooled investment vehicle, Investable Capital means the amount of liquid assets of such client that is available for investment by the Firm on a discretionary basis.

Item 7: Types of Clients

Our only clients are the Permit Funds. Each of the Permit Funds has a minimum investment amount that is listed below. Permit Capital GP, in its sole discretion, may waive the minimum investment amount.

- Capital Fund: \$2,000,000
- International Fund: \$500,000
- Telecom Fund: \$500,000
- Enterprise Fund: \$500,000
- Private Equity Fund: \$500,000 (for each Series in the Private Equity Fund)

Prospective investors of the Permit Funds must meet certain qualification requirements that are set forth in the offering materials and subscription agreements for the Permit Funds. These qualifications include income and net worth minimums along with prior investment experience and financial sophistication.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**A. *Methods of Analysis and Investment Strategies and Material Risks***

We follow an investing philosophy which seeks to identify securities trading at a discount to intrinsic value. Our investment approach is bottom-up and focused on the valuation of the securities of individual companies. We adjust the portfolios of the Permit Funds by reacting to opportunities presented by the marketplace as prices diverge from its assessment of value. Our assessment of investment value is based on its own fundamental research as well as numerous sources of publicly available information. We do not establish fixed guidelines regarding diversification of investments. Portfolio holdings may be concentrated in those securities and financial instruments that we believe offer the best opportunity for capital appreciation at that time.

In managing the investment portfolio of the Permit Funds, we may pursue investments directly in issuers or fund-of-fund investments. We do not attempt to set or meet any specific portfolio turnover rate, since we believe turnover is incidental to transactions undertaken in an attempt to achieve the investment objective. We do not intend turn over investment portfolios frequently. Instead, we typically hold most investments until us, in our sole discretion, determine that such investment no longer meets the investment criteria or profile of a Permit Fund.

B. *Material Risks*

Below is a summary of the investment strategies we currently employ for the Permit Funds and the material risks involved with these investment strategies.

An investment in securities (including the interests offered by the Permit Funds) involves a high degree of risks, including a risk of loss of investment. We urge investors in the Permit Funds to rely on their own examination of the Permit Funds and their investment strategies and offering terms, including the merits and risks involved.

The risks described in this brochure are not meant to be an exhaustive listing of all potential risks associated with our investment strategies, an investment in the Permit Funds, or the securities held by the

Permit Funds. We encourage all investors to review the offering materials of the Permit Funds carefully and consult with their professional advisers before deciding whether or not to invest in any of the Permit Funds.

1. Capital Fund and the Capital Cayman Fund

- (a) Investment Strategies. The Capital Fund is an absolute return fund-of-hedge funds that invests in hedge funds advised by Third Party Managers. The Capital Fund may be invested in hedge funds with domestic and international exposures and which employ any of the following strategies: credit, derivatives, convertibles, long-short (market-neutral), and event-driven. As previously mentioned, we may use PCA to assist us in identifying and researching fund-of-fund investment opportunities for the Capital Fund, but all investment decisions for the Capital Fund are made by Permit Capital.

Investors may invest directly in the Capital Fund or through its Cayman Islands feeder entity, the Capital Cayman Fund. The sole investment of the Capital Cayman Fund is its investment in the Capital Fund.

- (b) Material Risks. See the risk factors listed under the heading “Other Material Risks”. In particular, see the risk factors relating to Fund-of-Funds Structure, Dependence on Third Party Managers, and Illiquid Investments.

2. International Fund

- (a) Investment Strategies. The International Fund is a fund-of-funds that seeks long-term capital appreciation. The International Fund pursues its investment objective through the ownership of Underlying Investment Funds that are traditional long-term equity funds and/or equity-oriented hedge funds managed by Third Party Managers. Through its fund-of-fund investments, the International Fund may invest in both U.S. and international-based investment funds that invest in the public (and sometimes private) securities of issuers whose operations are located outside of the United States. The International Fund may also invest directly in the securities of such issuers. As previously mentioned, we may use PCA to assist us in identifying and researching fund-of-fund investment opportunities for the International Fund, but all investment decisions for the International Fund are made by Permit Capital. Also, Permit GP, in consultation with Permit Capital, identifies the specific assets of the International Fund that are to be managed by Gardner Russo.

- (b) Material Risks.

Non-U.S. Investments. The portfolios of the Underlying Investment Funds in which the International Fund will invest will consist of the securities of non-US companies (i.e., foreign portfolio companies). Many of these companies, not only have operations located outside of the United States, but also issue securities that are not listed nor traded on an exchange located within the United States. Investing in such non-U.S. securities involves considerations and possible risks and expenses not typically involved in investing in securities listed and traded on

a U.S. exchange, including risks relating to (i) currency exchange matters, including fluctuations in the rates of exchange and costs associated with currency conversion; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, the laws and regulations of foreign countries may impose restrictions that do not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S.

See also the additional risk factors listed under the heading “Other Material Risks”. In particular, see the risk factors relating to Fund-of-Funds Structure, Dependence on Third Party Managers, and Illiquid Investments below under the heading “Other Material Risks”.

3. Private Equity Fund

(a) Investment Strategies. The Private Equity Fund is a “series-based” investment vehicle. Each Series of the Private Equity Fund owns its own pool of securities and may concentrate its investments in a particular company, industry or sector. Certain Series of the Private Equity Fund are fund-of-fund investment vehicles that invest in private equity funds managed by Third Party Managers. Other Series of the Private Equity Fund make private equity investments directly in operating companies and hold such investments on a long-term basis.

(b) Material Risks.

Minority Positions. A Series of the Private Equity Fund that makes direct investments may be making investments in amounts that are insufficient to give the Private Equity Fund a controlling interest in such investments. In such case, the Private Equity Fund will not have sufficient voting power to control the decisions of these issuers and will be contractually bound to actions undertaken by the controlling shareholders. Thus, the Private Equity Fund may not be able to control its disposition of the investment.

Maturity of Investments. We expect that investments made by the Private Equity Fund and the Underlying Investment Funds in which the Private Equity Fund is invested may take several years to mature. Accordingly, there can be no assurance as to when or if distributions of the proceeds from the disposition of an investment will be made.

See also the additional risk factors listed under the heading “Other Material Risks”. In particular, see the risk factors relating to Fund-of-Funds Structure, Dependence on Third Party Managers, and Illiquid Investments below under the heading “Other Material Risks”.

4. Enterprise Fund

- (a) Investment Strategies. The Enterprise Fund is a long-oriented fund consisting of public securities trading at a discount to intrinsic value. The Enterprise Fund may invest in any type or quality of the equity or debt securities, or assets, of an issuer. The Enterprise Fund employs a concentrated portfolio strategy.
- (b) Material Risks. The Enterprise Fund has no diversification requirements and invests in a highly concentrated portfolio of securities. See risk factor relating to No Diversification and Concentration of Investments below under the heading “Other Material Risks”. See also the additional risk factors listed under the heading “Other Material Risks”.

5. Telecom Fund

- (a) Investment Strategies. The Telecom Fund invests primarily in debt, equity and equity-related securities of companies in the telecommunications sector, and in related industries engaged in the creation, transmission and management of information services. The Telecom Fund may invest in any type or quality of equity or debt securities or other assets. In addition, the Telecom Fund may sell short securities, take hedged positions and invest in derivative securities of any type to implement its investment strategies. The Partnership may use leverage in implementing its investment program, including by borrowing against its securities on margin from brokers and dealers.
- (b) Material Risks.

Limited Investments and Concentration. The Telecom Fund has no diversification requirements and may invest in a highly concentrated portfolio of securities, which may at times be limited to a single security. See risk factor relating No Diversification and Concentration of Investments below under the heading “Other Material Risks”.

Leverage and Financing Risk. The Telecom Fund may use leverage in an effort to achieve a higher rate of return. Accordingly, the Telecom Fund may pledge its securities to a lender in order to borrow additional funds for investment purposes. The Telecom Fund may also leverage its investment return with options, short sales and other derivative instruments. While leverage presents opportunities for increasing the Telecom Fund’s total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Telecom Fund would be magnified to the extent the Telecom Fund is leveraged. The cumulative effect of the use of leverage by the Telecom Fund in a market that moves adversely to the Telecom Fund’s investments could result in a substantial loss to the Telecom Fund which would be greater than if the Telecom Fund was not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Telecom Fund. For example, should the securities pledged to brokers to secure the Telecom Fund’s margin accounts decline in value, the

Telecom Fund could be subject to a “margin call,” pursuant to which the Telecom Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Telecom Fund’s assets, the Telecom Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

See also the additional risk factors listed under the heading “Other Material Risks”.

C. Other Material Risks

1. Material Risks Applicable to All Permit Funds.

In addition to the foregoing material risks that relate to specific investment strategies of the Permit Funds, the following material risks apply to all Permit Funds.

Inadequate Return. There can be no assurance that the return of any Permit Fund’s investments will commensurate with the risk of investment therein.

Unspecified Investments. Investors must rely on the ability of Permit Capital and its investment professionals to identify and make investments consistent with the investment strategies of the Permit Funds. Investors will not participate in the making of any investment decisions nor will they have the opportunity to evaluate personally the relevant economic, financial and other information used by Permit Capital in its selection, monitoring and disposition of investments.

Illiquid Investments. We anticipate that a substantial portion or all of each Permit Fund’s investments will consist of securities for which there is no public market and/or that are subject to restrictions on resale because they were acquired from the issuer in “private placement” transactions or because such restrictions were imposed as a condition of such Permit Fund’s purchase. Limitations on resale of these investments could prevent a successful sale thereof, delay sales at times that may be the most opportune or reduce the amount of proceeds that might otherwise be realizable.

No Diversification and Concentration of Investments. None of the Permit Funds are subject to any diversification requirements. A Permit Fund’s investments may be concentrated in a single or small number of issuers. Because there are diversification requirements for any Permit Fund, a Permit Fund’s portfolio may at times be intentionally over weighted in a single industry, issuer, or class of security. Consequently, a decline in the value of a single security held by a Permit Fund may have a greater impact on the net asset value of that Permit Fund than on the net asset value of a diversified fund. A Permit Fund will be highly sensitive to changes in the market price of its portfolio securities because it invests more of its assets in a smaller number of industries or issuers than a diversified fund and the gains or losses on a single security will have a greater impact on the Permit Fund. Generally, the volatility of a Permit Fund’s investment portfolio will increase as its diversification decreases.

2. Material Risks Applicable to Permit Fund-of-Funds.

In addition to the foregoing, the following material risks apply to all Permit Fund-of-Funds.

Fund-of-Funds Structure. The cost of investing in Permit Fund-of-Funds will generally be higher than investing directly in other private investment funds (i.e., the Underlying Investment Funds). Investors in a Permit Fund-of-Funds will indirectly bear fees and expenses charged by the Underlying Investment Funds in which the Permit Fund-of-Funds invests in addition to its direct fees and expenses. The use of a fund-of-funds structure could affect the timing, amount and character of distributions to investors in the Permit Fund-of-Funds International Fund and therefore may increase the amount of taxes payable by them.

Dependence on Third Party Managers. The assets of a Permit Fund-of-Funds are primarily in Underlying Investment Funds managed by Third Party Managers who are unrelated to Permit Capital. We will not have an active role in the day-to-day management of the Underlying Investment Funds in which a Permit Fund-of-Funds invests. As a consequence, a Permit Fund-of-Funds generally will not have the opportunity to evaluate the specific investments in companies made by an Underlying Investment Fund before they are made, and the performance of a Permit Fund-of-Funds will be highly reliant upon the performance of these unrelated Third Party Managers. This lack of control over the Third Party Managers could adversely affect the profitability of a Permit Fund-of-Funds.

D. Recommendation of Particular Securities

We do not recommend primarily any particular type of security for our clients.

Item 9: Disciplinary Information

Neither Permit Capital nor any of its management personnel has been the subject of any legal or disciplinary action to be reported under this Item 9.

Item 10: Other Financial Industry Activities and Affiliations

Permit Capital's sole business is providing investment management services to the Permit Funds. The Permit Funds and their general partner, Permit Capital GP, are related persons of Permit Capital. See Item 6 (Performance-Based Fees and Side-By-Side Management) on page 3 for information regarding the compensation to Permit Capital GP and potential conflicts of interests relating to Permit Capital and Permit Capital GP.

With the exception of Gardner Russo and PCA, we have not retained any investment adviser for our clients. See Item 1 for additional information on these firms.

We do not recommend or select other investment advisers for our clients for which we receive compensation.

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

We have adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code sets forth standards of ethical and business conduct expected of supervised persons and emphasizes the responsibility of each of our employees to conduct themselves with high ethical standards and to conduct their business with integrity, honesty, openness and trust. In particular, the Code is based on the principle that the Firm and its supervised persons have fiduciary duties, including among others, to at all times: (1) place the interests of advisory clients first, (2) comply with all applicable laws, and (3) avoid taking advantage of the Firm's advisory relationship with its clients. Compliance with the Code is a condition of employment, and serious violation with the Code or related policies may result in dismissal.

The Code contains guidelines relating to personal trading by supervised persons (and certain of their immediate family members). In general, our supervised persons must get pre-approval to transact in any Reportable Security (defined in the Code to include, among other instruments, any note, stock, bond, debenture, evidence of indebtedness, investment contract, any put, call, straddle, option, or privilege on any security or on any group or index of securities, or, in general, any interest or instrument commonly known as a "security"). Reportable Securities do not include:

- direct obligations of the government of the United States;
- bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- shares issued by money market funds;
- shares issued by registered open-end mutual funds; and
- shares issued by unit investment trusts that are invested exclusively in one or more registered open-end funds, none of which are reportable funds.

The Code also requires supervised persons to provide the Firm's Chief Compliance Officer with certain brokerage account statements and periodic transaction reports, as required by Rule 204A-1 under the Advisers Act.

All supervised persons are required to contact our Chief Compliance Officer regarding any actual or suspected violation of the Code. All of our personnel must acknowledge they understand the Code and agree to comply with it upon employment and at least annually thereafter, and must certify annually that they have complied with the Code. Additionally, we conduct periodic compliance training that addresses the requirements of the Code.

In providing investment management services, we and our personnel make investment decisions for our clients, the Permit Funds. Our supervised persons and their immediate family members also trade and invest for their own accounts in the same or different securities in which we invest on behalf of Permit Funds. This presents several potential conflicts.

One is the risk that a supervised person (or an immediate family member) may have knowledge that the Firm intends to purchase (or sell) a security on behalf of a client(s) and then "front-run" the Firm and its client(s) by purchasing (or selling) the security before the Firm does and profit from the market impact of the Firm's transaction. If the supervised person's transaction affects the price of the security that the client purchases or sells, it could negatively impact the price the client pays (or receives) for the

transaction. Conversely, a supervised person (or an immediate family member) may take a position contrary to a position that a client has (or may take). This presents a potential conflict if the supervised person's trading has an impact on the value of the client's investment in the security.

To address these and other conflicts of interest, we maintain the Code (as described above) and require pre-approval of personal securities transactions.

See Item 6 (Performance-Based Fees and Side-By-Side Management) on page 3 for additional information regarding potential conflicts of interests relating to Permit Capital, Permit Capital GP and LL Funds.

Item 12: Brokerage Practices

A. *Research and Soft Dollar Benefits*

We are authorized to determine the broker or dealer to be used for each securities transaction for our clients. In selecting brokers or dealers to execute transactions, we do not need to solicit competitive bids and we do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates, thus we may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits investment managers such as the Firm to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be an expense to our clients or as otherwise described below, we will use our best efforts, but are not obligated, to limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Currently, we use “soft dollars” to obtain research reports (including market research), financial newsletters and data services (including services providing market data, company financial data and economic data) from brokerage firms with whom we place trades. In addition, we may receive (but currently do not receive) from such firms services and software related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians), and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. These research and brokerage services are within the Section 28(e) safe harbor.

In some instances, we may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system). In such instances, we will allocate, in good faith, the relative proportion of a product or service used to assist us in carrying out our investment decision making responsibilities and the relative proportion used for administrative or other purposes outside of Section 28(e). The proportion of the product or service attributable to assisting the Firm in carrying out our investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside of Section 28(e) will be paid for by from our own resources.

Research and brokerage services obtained by the use of commissions arising from the portfolio transactions of a client may be used by us in our other investment activities and thus, a specific client may

not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although we will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. Our receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between us and our clients.

In selecting brokers and negotiating commission rates, we will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers.

B. Brokerage for Client Referrals and Directed Brokerage

We do not select or recommend broker-dealers on the basis of whether they provide us or any of our related persons with referrals. In addition, we do not recommend, request or require that a client direct us to execute transactions through a specific broker-dealer.

However, we may hire separate independent trading firms in order to obtain better prices and/or execution, and such trading firms will be paid through additional commissions to be borne by the clients for whom such arrangements were made.

C. Aggregation of Purchase and Sales of Securities

We may, but are not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts managed by us. Clients participating in aggregated trades will be allocated securities on a pro rata basis based on their relative Investable Capital. See Item 6.B. (Performance-Based Fees and Side-by-Side Management) on page 76 for additional information on allocation of investment opportunities.

Item 13: Review of Accounts

The portfolio managers of each Permit Fund continuously review each fund’s portfolio.

Investors in the Permit Funds receive quarterly account statements from the respective Permit Fund’s administrator. In addition, current investors of the Enterprise Fund receive a quarterly letter from the portfolio manager describing the previous quarter’s performance drivers. Investors in the Capital Fund and International Fund, each of which is a fund-of-funds, receive monthly a performance summary chart.

Item 14: Client Referrals and Other Compensation

We currently do not compensate, directly or indirectly, any person who is not a supervised person for client referrals.

Item 15: Custody

As general partner of the Permit Funds, the Permit Capital GP (along with its general partner, Permit Capital GP, Inc.) is deemed to have custody of the assets of the Permit Funds. Permit Capital GP and Permit Capital GP, Inc. are related persons of Permit Capital and since they are deemed to have custody of the assets of the Permit Funds, we also are deemed to have custody of those assets. Nevertheless, the assets of the Permit Funds are held by qualified custodians as described below.

Qualified Custodians. Except for the Telecom Fund and the Enterprise Fund, The Bank of New York Mellon maintains the assets held by all Permit Funds in segregated custodial accounts. Wells Fargo Prime Services and Goldman Sachs Execution & Clearing, L.P. maintained the assets held by the Telecom Fund and the Enterprise Fund in segregated custodial accounts. A portion of the International Fund's assets are held by Comerica Bank. The Bank of New York Mellon, Comerica Bank, Wells Fargo Prime Services and Goldman Sachs Execution & Clearing, L.P. are qualified custodians.

Audited Financial Statements and Audit by PCAOB Accounting Firm. Each Permit Fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and are audited by Grant Thornton LLP ("GT"). GT is an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Upon liquidation, each Permit Fund will undertake a final audit in accordance with GAAP and distribute its audited financial statements to all limited partners promptly after the completion of such audit.

Delivery of Audited Financial Statements. With respect to each Permit Fund that is a direct investment fund, Permit Capital distributes to the investors of such Permit Fund the audited financial statements to such Permit Fund within 120 days after the fiscal year end of such Permit Fund. With respect to each Permit Fund that is a fund-of-funds, Permit Capital distributes to the investors of such Permit Fund the audited financial statements to such Fund within 180 days after the fiscal year end of such Permit Fund.

Item 16: Investment Discretion

We have discretionary authority to manage the Permit Funds, subject to the investment strategies and restrictions (if any) that are detailed in each Permit Fund's limited partnership agreement and Confidential Private Placement Memorandum. The discretionary authority to manage client assets is derived from investment advisory agreements with the Permit Funds.

Item 17: Voting Client Securities

We have discretion to vote the proxies of our clients, and will vote those proxies in the best interest of our client and in accordance with any written policies and procedures that are communicated to us.

- Generally, we will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

- Generally, we will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.
- For other proposals, we will determine whether a proposal is in the best interests of our clients.

Potential conflicts of interest between the interests of Permit Capital and our clients are examined by our Chief Compliance Officer. This examination will include a review of the relationship of Permit Capital and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of ours or an affiliate of ours or has some other relationship with us.

If a material conflict exists, we will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of our clients. We will also determine whether it is appropriate to disclose the conflict to the affected clients and give the clients the opportunity to vote their proxies themselves.

Clients may receive a copy of Permit Capital's Proxy Voting Policy and or receive information on how proxies have been voted by contacting our Chief Compliance Officer, Jim Barossi, at 610-941-5038 or Jim.Barossi@permitcap.com.

Item 18: Financial Information

Permit Capital does not require or solicit advance payment of fees. We are not subject to any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to the Permit Funds. We have never been the subject of any bankruptcy petition.