

# BREVET CAPITAL MANAGEMENT, LLC

## Firm Brochure

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*This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Brevet Capital Management, LLC (“BCM”), an independent investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). It also describes the services BCM provides as well as background information on those individuals who provide investment advisory services on behalf of BCM. If you have any questions about the contents of this Brochure, please contact Mei-Li da Silva Vint, Chief Compliance Officer of Brevet Capital Management, LLC, at 212-313-5104 or [legal@brevetcapital.com](mailto:legal@brevetcapital.com).*

*The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that BCM, or any individual providing investment advisory services on behalf of BCM, possesses a certain level of skill or training or that BCM, or individual associates of the firm, are endorsed or recommended by the SEC. Additional information about BCM is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for BCM is 151672.*

## ITEM 2: MATERIAL CHANGES

Brevet Capital Management, LLC (“BCM”) has made the following material changes to its Form ADV Part 2A (the “Brochure”) since it last filed an annual amendment to the Brochure on March 20, 2020:

BCM has enhanced and supplemented its disclosure regarding:

- the investment objectives and strategies of BCM and its relying adviser (collectively, “Brevet Capital”);
- the risks of engaging Brevet Capital as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital;
- actual and potential conflicts of interest between Brevet Capital and its clients; and
- fees and expenses associated with engaging Brevet Capital as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital.

The foregoing covers only material changes since the last annual update to the Brochure and is not an exhaustive list of all of the changes that have been made.

## **BREVET CAPITAL MANAGEMENT, LLC**

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## ITEM 4: ADVISORY BUSINESS

### *Brevet Capital Management, LLC*

Based in New York, New York, BCM is an independent, privately-held investment adviser that was founded in 2006. It is a wholly owned subsidiary of Brevet Holdings, LLC (“Brevet Holdings”), which is majority-owned by Douglas Monticciolo.

BCM’s relying adviser is discussed in Item 10 (“*Other Financial Industry Activities and Affiliations*”) of this Brochure.

### *Services; Investment Objectives and Strategies*

Brevet Capital provides investment advisory services to a variety of alternative investment vehicles, focusing primarily on pooled investment vehicles (collectively, the “Funds”) and separately managed accounts (“SMAs”). Funds and SMA’s make investments directly and/or indirectly through, and Brevet Capital provides investment advice to, special purpose entities formed to hold investments. The types of clients to which Brevet Capital provides investment management services are disclosed in BCM’s Form ADV Part 1 and summarized in Item 7 (“*Types of Clients*”) of this Brochure.

Brevet Capital provides both discretionary and non-discretionary investment advisory services, depending on the client. Its services generally include: conducting research and due diligence on potential investments; analyzing investment opportunities; recommending investment opportunities; structuring, executing, and monitoring investments; and working with counterparties that originate and structure investments. Each Fund is advised in accordance with the investment guidelines and restrictions set forth in its offering documents, and such advice is not tailored to the individualized needs of any of such Fund’s investors. Investment in a Fund does not, in and of itself, create an advisory relationship between any such investor and Brevet Capital.

One of the Funds that is advised by BCM (BC Immigration Fund LLC, or “BCIF”) focuses on investments in “job creating entities” (within the meaning of the EB-5 Immigrant Investor Program (the “EB-5 Program”) established pursuant to 8 U.S.C. § 1153(b)(5) and Section 610 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 1993) that invest in real estate development, infrastructure development, or other ventures to create jobs as required under the EB-5 Program to enable investors to achieve an EB-5 visa or conditional or permanent U.S. resident status.

However, Brevet Capital’s primary focus is investments in specialized lending solutions for middle and lower middle-market private companies with an attractive underlying asset or assets, in an underserved or overlooked sector, or that represent niche financing opportunities. In recent years, Brevet Capital has increasingly focused on investments that are related in various ways to government programs in the United States and abroad.<sup>1</sup> Notwithstanding the foregoing, Brevet Capital provides advice on a wide variety of investment strategies and activities, as investment guidelines and restrictions are developed in consultation with clients and are tailored to their needs. See Item 8 (“*Methods of Analysis, Investment Strategies and*

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<sup>1</sup> Although a number of the investments that Brevet Capital recommends to clients or causes clients to invest in are related to or dependent on various government programs, none of the Funds or any SMA is guaranteed by any local, state, or federal government or agency.

*Risk of Loss*”) of this Brochure for additional details regarding Brevet Capital’s investment strategies and activities.

For SMAs, applicable investment guidelines and restrictions typically are set forth in the applicable investment management agreement.

For each Fund, applicable investment guidelines and restrictions are set forth in the applicable investment management agreement and such Fund’s offering documents, which generally provide for a wide investment mandate.

Brevet Capital may recommend that clients, or may cause clients to, engage in any investment strategies and activities – even those not described in this Brochure – that Brevet Capital considers to be consistent with its clients’ overall investment objectives.

Investments are most frequently structured as secured financings, though Brevet Capital also recommends that clients, or causes clients to, invest in loan, bond, or trade debt or equity or equity-like securities; direct acquisitions of assets, warrants, and participations; related hedges and options, as appropriate; and alternative investment structures with similar return profiles.

Brevet Capital frequently effects investments that involve multiple clients through the use of participation arrangements. Each domestic Fund (other than BCIF) has entered into master participation agreements (each, an “MPA”) with an offshore Fund and/or certain SMAs. After making an investment, a domestic Fund typically offers to an offshore Fund and/or certain SMAs the opportunity to acquire a participation interest in the investment pursuant to the terms of the relevant MPAs. While Brevet Capital recommends that such offshore Fund and/or SMAs, as applicable, invest in such investment opportunity, the ultimate investment decision is made by (i) with respect to each offshore Fund, its majority-independent board of directors, majority-independent board of managers, or majority-independent investment committee, as applicable, and (ii) with respect to each SMA, the representatives of such SMA, and not, in either case, Brevet Capital. The use of such participation arrangements allows the domestic Funds to achieve greater liquidity and portfolio diversification than if such participation arrangements were not employed. Further, such arrangements streamline the administration and management of investments by allowing borrowers to deal with a single counterparty instead of a diverse group of investors.

In determining the allocation of investment opportunities, including in connection with such participation arrangements, Brevet Capital does not take into consideration the structure and amount of fees and incentive compensation paid to Brevet Capital and/or its affiliates by different clients. Brevet Capital has adopted investment allocation guidelines that take into account the size and nature of each transaction and each client’s investment strategy, available capital, concentration targets, and other applicable investment constraints. Neither Brevet Capital nor any of its affiliates receives a fee in connection with the purchase or sale of any such participation interests.

While Brevet Capital provides investment advice regarding a variety of investments, it does not currently provide investment advice with respect to securities portfolios or any type of mutual fund, convertible bond, corporate bond, municipal bond, government bond, or exchange-traded fund.

Recipients of this Brochure should be aware that while this Brochure includes information about the Funds and SMAs, it is not a complete description of the terms, risks, or conflicts associated with engaging Brevet

Capital as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital. More complete information is set forth in the Funds' offering documents, which are provided to prospective investors prior to their investing, and the SMAs' investment management agreements, as applicable. The information contained in this Brochure concerning the Funds is qualified in its entirety by reference to the disclosures made in the Funds' respective offering documents, which should be carefully reviewed prior to making an investment decision. In no event should this Brochure be considered an offer to sell or a solicitation of an offer to buy interests in any investment vehicle or relied upon in determining to invest in any investment vehicle managed by Brevet Capital. This Brochure is designed solely to provide information about Brevet Capital for purposes of complying with certain obligations under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and, as such, responds to relevant regulatory requirements under the Advisers Act that may differ from the information required to be provided in the Funds' offering documents. In the event of any inconsistency between a Fund's offering documents and this Brochure, such offering documents shall control. There is no assurance that any Funds' investment objectives will be met or that Brevet Capital's investment strategies will be successful.

### ***Wrap Fee Programs***

Brevet Capital does not participate in any wrap fee programs.

### ***Assets Under Management***

As of December 31, 2020, Brevet Capital had assets under management as follows:

- |   |                 |
|---|-----------------|
| • Assets managed on a discretionary basis     | \$1,653,700,000 |
| • Assets managed on a non-discretionary basis | \$347,200,000   |

The foregoing figures include assets and unfunded commitments, calculated in accordance with the methodology prescribed by the SEC for calculating Regulatory Assets Under Management.

## **ITEM 5: FEES AND COMPENSATION**

### ***Advisory Fees***

BCM is paid a management fee by each SMA and Fund that it advises. Such management fees are typically calculated as a percentage of assets under management and vary by client, but generally range from one percent (1.0%) to two percent (2.0%) *per annum*. BCM is authorized to waive or reduce management fees at its discretion. Upon termination of a relevant investment management agreement, management fees that have been prepaid are returned on a prorated basis.

### ***Funds***

Management fees paid by Funds are set forth in such Funds' offering documents and subscription documents, which are provided to prospective investors prior to their investing. Certain investors have negotiated reductions and/or waivers of their management fees, and BCM is authorized to continue to waive and/or reduce management fees in the future at its discretion. The benefit of any such reduction negotiated by an investor is specially allocated to such investor pursuant to the relevant Fund's governing documents.

For closed-ended Funds, management fees generally are paid three (3) times per year in advance based on investors' total capital commitments during the investment period and based on investors' outstanding capital contributions thereafter. For open-ended Funds, management fees generally are paid monthly in advance based on the net asset value of investors' interests. BCIF pays management fees quarterly in advance based on its "total assets under management", which is calculated based on the gross value of its investments without deducting associated liabilities. Such liabilities consist primarily of bridge financing provided by other Funds advised by BCM. See Item 8 ("*Methods of Analysis, Investment Strategies and Risk of Loss*") of this Brochure. Management fees paid by any one Fund do not offset the management fees paid by any other Fund.

Management fees are paid by the Funds on behalf of investors by (i) requiring investors to make capital contributions in respect of such fees and/or (ii) withholding the amount of such fees from investment proceeds or other cash that would otherwise be distributable or allocable to such investors.

Additional details regarding a particular Fund's management fees are set forth in its offering documents and subscription documents, which are provided to prospective investors prior to their investing.

#### *SMA's*

Management fees paid by SMA's are separately negotiated with representatives of each such SMA and are set forth in the applicable investment management agreements. As a result, management fee arrangements with SMA's vary widely: SMA's pay fees either quarterly or monthly, either in advance or in arrears, based on the amount of capital invested, the net asset value of investments, and/or the amount of capital that is committed to be invested.

Management fees are either billed to SMA's periodically or are withheld from investment proceeds otherwise distributable to such SMA's depending on the terms of the relevant investment management agreement and the structures of investments.

To the extent an offshore Fund or SMA acquires a participation interest in an investment, the participated portion of such investment is beneficially owned by, is considered part of the assets under management of, and factors into the calculation of management fees (to the extent management fees are calculated based on assets under management) of, such offshore Fund or SMA, as applicable, and not the Fund that sold such participation. See Item 4 ("*Advisory Business*") of this Brochure.

#### ***Performance-Based Compensation***

Certain clients also pay performance-based compensation to BCM, which is described in Item 6 ("*Performance-Based Fees and Side-By-Side Management*") of this Brochure. Brevet Capital currently serves as investment manager only to "qualified clients", as defined in Rule 205-3 of the Advisers Act.

#### ***Expenses***

In addition to the management fees described above, Brevet Capital's clients typically are required to bear the costs and expenses of their investment activities, including, without limitation: (i) all out-of-pocket fees, costs, and expenses incurred in connection with the making, holding, sale, or proposed sale of investments (such as deal initiation expenses, professional expenses, research, data fees, insurance, third-party fees, brokerage costs and expenses, company or analyst conferences, and travel, lodging, meals, and related



expenses), including any expenses associated with proposed investments that are ultimately not consummated; (ii) loan servicing fees for ongoing services including loan tracking, collection of payments, covenant tracking, and other asset and portfolio monitoring and reporting services to be performed with respect to particular investments; (iii) custodian fees and expenses; (iv) administrator fees and expenses; (v) legal, auditing, consulting, regulatory, compliance-related, and accounting expenses (including expenses associated with the preparation of financial statements and tax returns); and (vi) valuation agent fees and expenses.

Each Fund is required to bear expenses incurred in connection with its formation and offering, including, without limitation, governmental filing fees and professional fees and expenses incurred in connection with the preparation of the informational documents and organizational documents and contracts. The obligation of a Fund with respect to such formation and offering expenses typically is limited to a dollar amount that is negotiated with the investors in such Fund and set forth in such Fund's offering documents, which are provided to prospective investors prior to their investing. Costs in excess of any such limit will offset the management fees that would otherwise be payable to BCM by such Fund. Notwithstanding the foregoing, if any of the Funds (other than BCIF) pays any placement fees to Placement Agents or Finders (each as defined in Item 14 ("*Client Referrals and Other Compensation*") of this Brochure), such fees will offset the management fees that would otherwise be payable to BCM by such Fund, as the Funds (other than BCIF) are not required to bear any portion of such placement fees.

Each Fund is also required to bear the ongoing costs related to its operation, including, without limitation, (i) expenses of investor communications and meetings; (ii) extraordinary expenses (such as indemnification and litigation expenses); (iii) interest on and fees and expenses arising out of any credit facility or borrowings, including, but not limited to, the arranging thereof; (iv) expenses of winding up and liquidation; (v) any taxes, fees, or other governmental charges and all expenses incurred in connection with any tax audit investigation, settlement, or review; and (vi) expenses incurred in connection with any restructuring of or amendments to the constituent documents of the Fund or its related entities. Each Fund is further required to bear its *pro rata* share of (i) regulatory and compliance-related expenses incurred by Brevet Capital and its affiliates and liability insurance premiums relating to employees, principals, and agents of Brevet Capital and its affiliates and (ii) expenses incurred in connection with any restructuring of or amendments to the constituent documents of Brevet Capital and its affiliates, determined in each case by Brevet Capital based on the extent to which such fees and expenses are incurred for the benefit of such Fund. Such determinations are based on factors such as: (a) whether such expenses have been incurred as a result of the activities of a particular Fund or Funds; (b) for expenses incurred in connection with one or more investments, the relative participation of each Fund in such investments; and (c) for general expenses incurred in connection with multiple Funds, the relative assets under management of such Funds.

Certain SMAs are required to reimburse Brevet Capital for expenses incurred in connection with the formation of special purpose entities formed to hold investments, including, without limitation, governmental filing fees and professional fees and expenses incurred in connection with the preparation of organizational documents and contracts. Such arrangements are separately negotiated with representatives of each such SMA.

The foregoing descriptions of fees and expenses associated with engaging Brevet Capital as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital are not intended to be

exhaustive, and fees and expenses vary from client to client. More complete information is set forth in the Funds' offering documents, which are provided to prospective investors prior to their investing, and the SMAs' investment management agreements, as applicable.

#### ***Fees and Expenses Paid to Affiliates of Brevet Capital by Clients***

BCIF has obtained a bridge loan facility from one of the other Funds. In connection therewith, BCIF is required to pay (i) to such Fund, a "closing fee" equal to a percentage of the principal amount of each loan funded under the bridge loan facility and (ii) to FCS Advisors, LLC, an affiliate of Brevet Capital ("**FCS**"), a monthly loan servicing and administrative agent and collateral agent services fee, which is payable at market rates.

One of the other Funds and certain SMAs have acquired participation interests in the loans that have been funded under the bridge loan facility and Brevet Capital expects that it will continue to recommend to clients, or cause clients to, acquire participation interests in loans that are funded under the bridge loan facility in the future. Fees paid to FCS by BCIF do not offset the management fees payable by any SMA or Fund and are not otherwise rebated to SMAs or investors in any Fund. The bridge loan facility, and the terms and fees associated therewith, are more fully described in the relevant Funds' offering documents, which are provided to prospective investors prior to their investing.

Brevet Capital's clients do not otherwise pay fees directly to FCS or other affiliates of Brevet Capital, though Brevet Capital could recommend that clients engage, or cause clients to engage, FCS and/or other affiliates of Brevet Capital to provide services to such clients at then-current market rates.

#### ***Fees and Expenses Paid to Affiliates of Brevet Capital by Third Parties***

BCM, FCS, and/or other affiliates of Brevet Capital frequently charge transaction fees that are payable by borrowers and/or other counterparties to client transactions in connection with Brevet Capital's clients' transactions. For example, a number of such borrowers and/or counterparties pay one-time "work fees" for services such as due diligence, documentation, closing, monitoring, and/or administration / audit of a transaction, which typically range from twenty-five thousand dollars (\$25,000) to fifty thousand dollars (\$50,000) per transaction. Notwithstanding the foregoing, transaction fees charged to borrowers and/or other counterparties to client transactions by BCM, FCS, and/or other affiliates of Brevet Capital exceed such range from time to time based on a variety of factors, especially in connection with large and/or complex transactions, and have been as high as seven hundred thousand dollars (\$700,000) (which was one and one-half percent (1.5%) of the overall transaction amount).

FCS and other affiliates of Brevet Capital also are engaged by certain borrowers and/or other counterparties to client transactions to provide loan administration services post-closing of a loan, collateral administration services, and oversight of equity participations on an ongoing basis. In connection therewith, FCS and/or such other affiliates variously provide services such as: coordinating the filing, perfection, and release of liens and UCC filings; receiving payments on behalf of, and making distributions to, lenders; calculating applicable interest rates and notifying borrowers of changes thereto; maintaining accounts evidencing indebtedness, including the amounts of principal and interest payable and paid to lenders from time to time; and approving distributions by borrowers. Fees paid in connection with such services typically are as high as sixty-five basis points (0.65%) *per annum*. Notwithstanding the foregoing, service fees charged to borrowers and/or other counterparties to client transactions by FCS and/or other affiliates of Brevet Capital

may exceed such amount from time to time, especially in connection with large and/or complex transactions, and fees generally increase and/or constitute a higher percentage of investments during liquidation.

BCM, FCS, and/or other affiliates of Brevet Capital also collect fees in connection with certain transactions that are not completed (*i.e.*, break-up fees).

Certain of the Funds and SMAs receive a portion (typically ranging from fifty percent (50%) to eighty percent (80%)) of the benefit of such fees that are directly related to their investment activities in the form of an offset to management fees, while other Funds and SMAs do not receive any such reductions or other rebates. Such arrangements are negotiated with the investors in the Funds and the representatives of SMAs and are set forth in the respective Funds' offering documents, which are provided to prospective investors prior to their investing, or the SMAs' investment management agreements, as applicable.

Potential conflicts of interest exist when such fees are retained by Brevet Capital or its affiliates and are not required to offset the management fees otherwise payable to Brevet Capital. For additional information, please see Item 11 ("*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*") of this Brochure.

### ***Co-Investors***

Brevet Capital frequently offers SMAs and other persons the opportunity to co-invest in investment opportunities alongside the Funds. To the extent that co-investors participate in an investment opportunity, the costs and expenses related to the making, holding, sale, or proposed sale of such investment generally are borne by all of the investors in such investment. However, there can be no guarantee that such costs and expenses will be allocated in a manner that is fair and equitable. Further, co-investors that participate in an investment opportunity may not bear any of the fees and expenses incurred in connection with a Fund's proposed investments that are ultimately not consummated, including, without limitation, broken deal expenses. Even if Brevet Capital attempts to allocate such fees and expenses to co-investors that benefit from a Fund's investment activities, it may be difficult or impossible to do so equitably. As a result of the foregoing, the Funds may bear a disproportionate share of fees and expenses related to actual investments as well as proposed investments that are ultimately not consummated.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Performance-based compensation is charged only to "qualified clients" in compliance with the Advisers Act.

### ***Performance-Based Fees***

BCM is paid a performance fee by several of the SMAs that it advises. Such fees are separately negotiated with representatives of each such SMA and are set forth in the applicable investment management agreements.

In limited circumstances, BCM may be paid a performance-based fee by one of the Funds it advises, but to date no such compensation has been paid. Such arrangement is set forth in the applicable investment management agreement and is disclosed in such Fund's offering documents.

### *Incentive Allocations and Carried Interest*

BCM, its relying adviser, and/or special purpose vehicles under common control with BCM serve as the general partner or managing member (or in a comparable role) (“GP Entities”) for each of the Funds and for special purpose entities formed to hold investments on behalf of Funds and SMAs. Such GP Entities maintain capital accounts in the Funds and/or such special purpose entities and receive a share of net profits through either (i) allocations based on net realized and unrealized profits (“incentive allocation”) or (ii) distributions in excess of return of capital (and, in some cases, a preferred return) (“carried interest”). Certain of the GP Entities invest their own capital in Funds alongside investors. However, GP Entities of special purpose entities formed to hold investments on behalf of SMAs do not invest their own capital and maintain a capital account only for the purpose of receiving incentive allocations or distributions of carried interest, as applicable.

With respect to the Funds, such arrangements are negotiated with the investors in such Funds and are set forth in such Funds’ offering documents and subscription documents, which are provided to prospective investors prior to their investing.

With respect to SMAs, such arrangements are set forth in the operating agreements of the special purpose entities formed to hold investments, which agreements are negotiated and drafted in coordination with representatives of such SMAs.

### *Potential Conflicts of Interest*

Performance-based fee arrangements and the payment of incentive allocations or carried interest to the GP Entities create an incentive for Brevet Capital to recommend investments that may be riskier or more speculative than those that it may otherwise recommend under different fee or distribution arrangements. To help mitigate such conflicts of interest, (i) certain of the GP Entities invest their own capital in Funds alongside investors and (ii) the Funds and certain of the SMAs employ clawbacks and/or loss-carryforwards. More complete information is set forth in the Funds’ offering documents, which are provided to prospective investors prior to their investing, and the SMAs’ investment management agreements, as applicable.

In addition, Brevet Capital may be incentivized to favor certain clients over others where, for example, (i) investment by one client will limit the extent to which other clients may participate in such investment and (ii) Brevet Capital and/or its affiliates have differing economic interests with respect to such clients (*e.g.*, differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest). To help mitigate such potential conflicts of interest, Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients.

In determining the allocation of investment opportunities, Brevet Capital does not take into consideration the structure and amount of fees and incentive compensation paid to Brevet Capital and/or its affiliates by different clients. Brevet Capital has adopted investment allocation guidelines that take into account the size and nature of each transaction and each client’s investment strategy, available capital, concentration targets, and other applicable investment constraints. Such guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital’s clients are made by an investment committee (the “Investment Committee”) in accordance with such

allocation guidelines and are reviewed and approved by Brevet Capital's Chief Compliance Officer and/or one or more of her designees.

To help mitigate the risk of conflicts of interest associated with higher valuations, which result in higher fees, Brevet Capital and the Funds (i) have adopted valuation policies that ensure valuation methodologies are appropriately applied in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and, in the case of the Funds, their offering documents and (ii) utilize the services of an independent firm to review on a sample basis and advise on Brevet Capital's valuations and valuation methodology.

## **ITEM 7: TYPES OF CLIENTS**

Brevet Capital provides investment advisory services to a variety of alternative investment vehicles, focusing primarily on Funds and SMAs.

### ***Funds***

The Funds are pooled investment vehicles (commonly referred to as "hedge funds" or "private equity funds") organized as domestic or offshore companies, limited partnerships, or limited liability companies in order to accommodate the legal, regulatory, and tax considerations of their investors.

Investors in the Funds (other than BCIF) include high net-worth individuals, family offices, trusts, foundations, pension funds, and endowments, each of which is required to meet certain minimum qualifications, *i.e.*, each investor must be an "accredited investor", as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), a "qualified client", as defined in Rule 205-3 of the Advisers Act, and a "qualified purchaser", as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (or, in certain cases, a "knowledgeable employee" as defined in Rule 3(c)(5) of the Investment Company Act).

Investors in BCIF are natural persons seeking an EB-5 visa or conditional or permanent U.S. resident status pursuant to the EB-5 immigrant investor visa program. Each such investor must be an "accredited investor" and a "qualified client", but does not necessarily need to be a "qualified purchaser".

Fund investors are required to complete a subscription agreement (including an investor questionnaire to determine eligibility for investment) and agree to be governed by the applicable governing agreement.

Each Fund sets its own minimum investment requirement. Brevet Capital or one of its affiliates, in its discretion, can waive the investment minimum subject to applicable regulatory requirements.

Each Fund would be investment company as defined in the Investment Company Act, but for Section 3(c)(1), 3(c)(5), and/or 3(c)(7) thereof.

Recipients of this Brochure should be aware that while this Brochure includes information about the Funds, it is not a complete description of the terms, risks, or conflicts associated with investing in a Fund. More complete information is set forth in the Funds' offering documents, which are provided to prospective investors prior to their investing. The information contained in this Brochure concerning the Funds is qualified in its entirety by reference to disclosures made in the Funds' respective offering documents, which should be carefully reviewed prior to making an investment decision. In no event should this Brochure be

considered an offer to sell or a solicitation of an offer to buy interests in any investment vehicle or relied upon in determining to invest in any investment vehicle managed by Brevet Capital. This Brochure is designed solely to provide information about Brevet Capital for purposes of complying with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act that may differ from the information required to be provided in the Funds' offering documents. In the event of any inconsistency between a Fund's offering documents and this Brochure, such offering documents shall control. There is no assurance that any Funds' investment objectives will be met or that Brevet Capital's investment strategies will be successful.

### ***SMA*s**

SMA's are separately managed accounts to which BCM provides investment management services pursuant to investment management agreements that are individually negotiated with such SMA's. SMA's make investments directly or indirectly through, and Brevet Capital may provide investment advice to, special purpose entities formed to hold investments.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Methods of Analysis and Investment Strategies***

Brevet Capital believes that many finance companies and principal finance groups of banks and large traditional lenders have reduced lending to middle and lower middle-market companies due to increased regulation. Accordingly, Brevet Capital seeks to generate superior returns by identifying investments that take advantage of the imbalance between the demand for financing by middle and lower market companies and the supply from traditional financial institutions to this market, and by identifying situations in niche and underserved markets where it believes opportunities exist.

Brevet Capital targets opportunistic, value-based investments in high quality transactions where it identifies the opportunity and the optimal structure, seeks to incorporate upside participations, and manages the realization. Investments are most frequently structured as secured financings, though Brevet Capital also recommends that clients, or causes clients to, invest in loan, bond, or trade debt or equity or equity-like securities; direct acquisitions of assets, warrants, and participations; related hedges and options, as appropriate; and alternative investment structures with similar return profiles.

Brevet Capital seeks assets that are generally uncorrelated to the equity and bond markets and that Brevet Capital believes have attractive return attributes due to factors including, but not limited to, the asset's:

- experiencing growth or a changing environment due to new legislation;
- being asset rich and/or having contractual or recurring revenue;
- participating in a sector for which traditional loan products do not fit the sector's financing needs; and
- operating in an underserved or complex business environment.

In recent years, Brevet Capital has increasingly focused on investment opportunities that are related in various ways to government programs, such as by:

- causing certain of the Funds to provide bridge financing to BCIF in order to enable BCIF's investors to obtain conditional or permanent U.S. resident status through the EB-5 Program;
- investing in bridge financing for US state government receivables;
- investing in loans that are or are expected to be secured by research and development tax credits of foreign and domestic governments;
- investing in a portfolio of technology patents likely to be recognized as Standard Essential Patents ("SEPs") according to standards established by standard-setting organizations that include foreign government-related members; and
- investing in loans, purchase order financings, and factoring for US state and federal government contractors and subcontractors.

The foregoing list is intended to illustrate some of the ways in which Brevet Capital's clients' investments relate to government programs and is not intended to be exhaustive. Brevet Capital recommends to clients, and causes clients to invest in, investment opportunities that are related to government programs in other ways as well as investments that are completely unrelated to government programs. Brevet Capital provides advice on a wide variety of investment strategies and activities and may recommend that clients, or may cause clients to, engage in any investment strategies and activities – even those not described in this Brochure – that Brevet Capital considers to be consistent with its clients' overall investment objectives. None of the Funds or any SMA is guaranteed by any local, state, or federal government or agency.

Brevet Capital's clients typically hold assets until they mature, are pre-paid, or are paid down; *provided, however*, that Brevet Capital from time to time recommends that clients, or causes clients to, sell positions if Brevet Capital's risk analysis indicates the potential weakening of credit or if market prices exceed its own internal estimates of fair value.

From time to time Brevet Capital recommends that clients, or causes clients to, invest all or a portion of their assets indirectly through alternative investment vehicles or subsidiaries and/or use all or a portion of their investable funds to indirectly participate in the funding of assets. Brevet Capital frequently effects investments that involve multiple clients through the use of participation arrangements, pursuant to which one of Brevet Capital's clients initially acquires one hundred percent (100%) of an investment opportunity and subsequently sells a participation interest in such investment to one or more other clients. See Item 4 ("*Advisory Business*") of this Brochure for additional detail regarding such participation arrangements.

### ***Certain Risks***

The following risk factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing with Brevet Capital. Investment with Brevet Capital is designed only for sophisticated investors who are able to withstand the loss of their entire investment. Investors should consult their financial, investment, tax, legal, and other advisors, as applicable, who may identify additional risks relating to investing with Brevet Capital. A more detailed discussion of

the risks associated with investing in a particular Fund is set forth in each such Fund's offering documents, which will be provided to prospective investors for review and consideration prior to their making an investment.

#### *Past Performance*

Past performance is not necessarily indicative of future results, and no projection, representation, or warranty regarding future performance is made or should be inferred from the performance record or operating history of any of Brevet Capital's clients. Investment results may vary substantially over time, from period to period, and from client to client.

#### *No Assurance of Profits*

While Brevet Capital seeks to develop investment strategies and policies that it believes will be successful over the long term, no assurances can be given that such strategies and policies will not result in a substantial or complete loss of its clients' investments. Brevet Capital cannot provide assurance that it will be able to identify investments that satisfy its investment objectives. There is no assurance that any client will generate returns or that the returns will be commensurate with the risks of investing with Brevet Capital. In particular, investment performance may be affected by changes in market or economic conditions or legal, regulatory, and tax requirements. Brevet Capital's clients generally will be responsible for paying management fees and their operating expenses regardless of the level of profitability, and due to Brevet Capital's investing and portfolio management techniques, transaction costs will likely be higher than in the case of traditional investment vehicles.

#### *Changes in Investment Strategy*

Brevet Capital may from time to time change its investment strategies, policies, and objectives. Any such decision to engage in a new activity could result in the exposure to additional risks, which may be substantial.

#### *Dependence on Occurrence of Events*

The ability to realize a profit on investments recommended by Brevet Capital is dependent upon the occurrence (or non-occurrence) of certain events. If an event that Brevet Capital is expecting does not occur (or an unexpected event occurs), Brevet Capital's clients may be adversely affected.

#### *Investment and Trading Risks in General*

All investments risk the loss of capital. As with any investment approach or strategy, Brevet Capital's strategies, policies, and methodology cannot assure any given level of investment return or that its clients' investment objectives will in fact be realized.

#### *Asset Allocation*

While Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients, including allocation guidelines that take into account the size and nature of each transaction and each client's investment strategy, available capital, concentration targets, and other applicable investment constraints, it is not possible to completely eliminate all potential conflicts of interest that may exist. Brevet Capital may be incentivized to favor certain clients over others where, for example, (i) investment by one client will limit the extent to which other clients may participate in such



investment and (ii) Brevet Capital and/or its affiliates have differing economic interests with respect to such clients (e.g., differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest).

#### *Investment Concentration*

From time to time Brevet Capital recommends that clients, and causes clients to, concentrate their investments in relatively few assets. In such cases, Brevet Capital's clients are exposed to the risks of such investments without the protections against loss afforded by diversification. Concentration in a certain type of investment has the effect of exposing a significant portion of invested capital to the same or similar risks, as well as return or other characteristics, and thereby increases investment risk as well as the portfolio volatility. Accordingly, the values of any such investments may fluctuate more widely given this concentration, as compared with the fluctuation expected in a broadly diversified portfolio.

#### *Management Risk*

The success of Brevet Capital critically depends upon the services of its key personnel. In the event of the death, incapacity, departure, insolvency, or withdrawal of one or more key personnel of Brevet Capital, clients' performance may be adversely affected.

#### *Possible Waiver of Management Fees*

From time to time Brevet Capital waives and/or reduces the management fees charged to its clients and/or investors in the Funds. While a waiver or a reduction of such management fees may induce investors to invest with Brevet Capital, it may adversely affect Brevet Capital's operations. Brevet Capital's ability to attract and retain talent for the management of its clients' assets depends to a great extent on its ability to offer a compensation package that is competitive in relation to the prevailing market practice. Significant waivers or reductions in management fees may result in Brevet Capital's being unable to offer competitive compensation packages necessary to attract and retain the appropriate talent, and it may affect Brevet Capital's ability to pay other expenses.

#### *Performance-Based Compensation; Incentive Allocations and Carried Interest*

Performance-based fee arrangements and the payment of incentive allocations or carried interest to the GP Entities may create an incentive for Brevet Capital to recommend investments that may be riskier or more speculative than those that it may otherwise recommend under different fee or distribution arrangements. In addition, since the basis for incentive allocations typically includes unrealized appreciation, such allocations may be greater than if they were based solely on realized gains.

#### *Management Fees and BCIF Bridge Financing*

Certain of the Funds have provided bridge financing to BCIF. Such loans, which provide the majority of BCIF's capital and constitute such Funds' largest investments, are made on market terms and are considered assets of such Funds. Accordingly, BCM is paid a management fee by such Funds that is based in part on the value of such loans. The proceeds of such loans are used by BCIF to invest in real estate development, infrastructure development, or other ventures. The management fees paid to BCM by BCIF are calculated based its "total assets under management", which is calculated based on the gross value of BCIF's

investments without deducting associated liabilities such as the bridge financing. Management fees paid by any one Fund do not offset the management fees paid by any other Fund.

Such arrangements create potential conflicts of interest, as BCM has an incentive to recommend that clients, or cause clients to, lend to BCIF in order to maximize the assets on which BCM is paid management fees. Brevet Capital has enacted policies and procedures formulated to help mitigate such potential conflicts of interest. For example, BCM may not cause BCIF to enter into any transaction with any affiliate of BCIF or BCM without the prior written approval of the Conflicts Advisory Board, and each such loan has in fact been approved by the Conflicts Advisory Board. Further, while Brevet Capital is not required to present potential or actual conflicts of interest among Brevet Entities to the Conflicts Advisory Board (except for with respect to BCIF), it typically does so before causing Funds with respect to which it has discretionary authority to enter into transactions with one another. However, it is not possible to completely eliminate all potential conflicts of interest that may exist.

#### *Counterparty and Credit Risk*

Brevet Capital may recommend that clients, or may cause clients to, enter into a variety of arrangements with counterparties, including cash and investment deposits, interest rate swap contracts, foreign currency option contracts, and forward contracts. As a result, Brevet Capital's clients may be subject to the risk that the counterparty to one or more of these arrangements will default, either voluntarily or involuntarily, on its performance under the terms of the arrangement. In times of market distress, a counterparty may default rapidly and without notice, and clients may be unable to take action to cover their exposure, either because of lack of contractual ability to do so or because market conditions make it difficult to take effective action. If a counterparty becomes insolvent or files for bankruptcy, then clients' ability eventually to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable legal regime governing the bankruptcy proceeding. In the event of such default, clients could incur significant losses.

#### *Investment in Loans and Liquidity Facilities*

Brevet Capital recommends that clients, and causes clients to, invest in various forms of liquidity facilities for privately held companies. These include term loans, lines of credit, and/or accounts receivables factoring. Brevet Capital's clients may lose the entire value of their investments, may be required to accept cash or securities with a value less than their investments, and/or may be prohibited from exercising certain rights with respect to their investments. Moreover, such investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and bankruptcy courts' discretionary power to disallow, subordinate, or disenfranchise particular claims, and may also involve substantial litigation.

#### *Delinquency, Default, or Foreclosed Investments*

Investments made by Brevet Capital's clients have become delinquent and/or gone into default or foreclosure, and investments may become delinquent and/or go into default or foreclosure in the future. In addition, certain of the counterparties for factoring or financing arrangements may default, go into bankruptcy, restructure, or reorganize. Under these circumstances, clients could lose their entire investment in those transactions or may have to rely upon other collateral underlying the investments in such

transactions to recoup their investment, which recourse could be costly, time consuming, and even unsuccessful.

### *Illiquidity of Assets*

Brevet Capital recommends that clients, and causes clients to, invest in assets that are illiquid and for which there is no active market. Disposition of illiquid assets often takes more time than disposition of more liquid assets, which can result in higher selling expenses and less favorable prices or prices lower than those at which such assets have been valued by Brevet Capital. Clients may also be prohibited by contract from selling investments for a period of time. Accordingly, clients' ability to respond to market movements may be impaired, and such clients may experience adverse price movements upon liquidation of their investments. Accurately valuing and realizing such investments or closing out positions in such investments at appropriate prices may not always be possible.

### *Debt Securities*

Brevet Capital may recommend that clients, or may cause clients to, invest in debt securities (i) that are unrated or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities, (ii) that rank junior to other outstanding securities and obligations of an issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets, and (iii) that are not protected by financial covenants or limitations on additional indebtedness. Brevet Capital's clients will therefore be subject to credit, liquidity, and interest rate risks. In addition, to the extent foreign debt securities are purchased, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Such securities may also be subject to fluctuation in the event of changes in interest rates.

### *Market and Credit Risks of Debt Securities*

Investments in debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument affects its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and are subject to downgrade, which generally results in a decline in the market value of such security. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed-rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset, and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. No assurance can be given that the debt and fixed-income obligations in which Brevet Capital's clients invest will continue to earn yields comparable to those earned historically, nor can any assurance be given that the issuers of such securities will make payment on such obligations as they become due.

### *Indirect Investment in Assets*

Brevet Capital recommends that clients, and cause clients to, invest in loan obligation assets indirectly through contractual arrangements with other clients. In particular, Brevet Capital frequently effects investments that involve multiple clients through the use of participation arrangements, pursuant to which one of Brevet Capital's clients initially acquires one hundred percent (100%) of an investment opportunity and subsequently sells a participation interest in such investment to one or more other clients. See Item 4 ("Advisory Business") of this Brochure for additional detail regarding such participation arrangements. Such arrangements are subject to certain risks, including the lack of a direct interest in any collateral securing the underlying obligations and a limited ability to enforce directly any rights with respect to the obligations represented by the arrangements. Thus, Brevet Capital's clients in such arrangements may have a contractual relationship only with the selling entity. Such clients generally will have no right directly to enforce compliance by the borrower with the terms of any loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to changes to the loan agreements. In addition, in the event of the insolvency of the counterparty to such arrangements, under U.S. federal and state laws, such clients may be treated as a general creditor, and may not have any exclusive or senior claim with respect to the counterparty's interest in, or the collateral with respect to, the secured loan. Such arrangements may be governed by the law of a non-U.S. jurisdiction, which presents additional risks.

### *Risks Associated with Operating Companies*

Companies in whose debt Brevet Capital's clients have invested have been unable to make principal and interest payments when due, and companies in whose debt Brevet Capital's clients invest may in the future be unable to make principal and interest payments when due, or ever. Such companies could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn, or legal, tax, or regulatory changes. Companies that Brevet Capital expects to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. Any of such conditions could have a material adverse effect on the value of such investments.

### *General Risks of Secured Loans*

Brevet Capital recommends that clients, and causes clients to, invest in secured loans, which are subject to the risk that security interests in the underlying collateral are not properly or fully perfected. Even if the security interests are properly and fully perfected, borrowers may in turn invest in, or lend with respect to, assets that are themselves not fully secured. Furthermore, such security interests are not always first priority and are in some cases shared with other parties. Compounding these risks, the collateral securing debt investments is subject to devaluation risks.

### *Borrower Fraud*

Borrowers may make material misrepresentations or omissions, and such inaccuracy or incompleteness may adversely affect the valuation of collateral underlying loans or may adversely affect the ability of Brevet Capital's clients to perfect or effectuate a lien on collateral securing a loan. Brevet Capital relies upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

### *Subordinated Loans*

Brevet Capital recommends that clients, and causes clients to, invest in subordinated loans. If a borrower defaults on a subordinated loan or on debt senior to a client's loan, or in the event of the bankruptcy of a borrower, the loan held by such client will be satisfied only after the senior loans are repaid in full. Under the terms of typical subordination agreements, senior creditors may be able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as creditors. Accordingly, clients may not be able to take the steps necessary or sufficient to protect their investments in a timely manner or ever. In addition, subordinated loans may not always be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity, and may not be rated by a credit rating agency. If a borrower declares bankruptcy, Brevet Capital's clients may not have full or any recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. Further, clients' ability to amend the terms of loans, assign loans, accept prepayments, exercise remedies (through "standstill periods"), and control decisions made in bankruptcy proceedings may be limited by intercreditor arrangements, especially if debt senior to such clients' loans exists. The level of risk associated with investments in subordinated loans increases if such investments are loans of distressed or below investment grade borrowers.

### *Risks Relating to Fraudulent Conveyances and Voidable Preferences by Issuers / Borrowers*

Under U.S. legal principles, in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of indebtedness or borrower (including a bankruptcy trustee), if a court were to find that the issuer or borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness or for granting security, and that after giving effect to such indebtedness or such security, the issuer or borrower (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer or borrower constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer or borrower, or to recover amounts previously paid by such issuer or borrower in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer or borrower would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply to determine whether an issuer or borrower was "insolvent" after giving effect to the incurrence of the indebtedness in which Brevet Capital's clients invested or that, regardless of the method of valuation, a court would not determine that an issuer or borrower was "insolvent" upon giving effect to such incurrence.

In addition, in the event of the insolvency of an issuer of indebtedness or borrower in which Brevet Capital's clients invest, payments made on such indebtedness could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one (1) year) before the issuer or borrower becomes a debtor in a bankruptcy case. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured by such issuer or borrower, as applicable, in a bankruptcy case. Even if Brevet Capital's clients do not engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance or preference law, there can be no assurance as to whether any funding institution or other party from which such clients may acquire such indebtedness,

or any prior holder of such indebtedness, has not engaged in any such conduct (or any other conduct that would subject such indebtedness to disallowance or subordination under insolvency laws). If any such party did engage in such conduct, there can be no assurance as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against such clients so that their claim against the issuer or borrower would be disallowed or subordinated.

#### *Risks Relating to Lender Liability*

Under certain circumstances, a lender or bondholder that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Brevet Capital does not intend to recommend or engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of debt obligations, Brevet Capital’s clients may be subject to claims from creditors that debt obligations of an obligor that are held by such clients should be equitably subordinated.

#### *Certain Guarantees*

Guarantees of secured debt issued by subsidiaries of a company in which Brevet Capital’s clients have invested may in some circumstances be subject to fraudulent conveyance or similar avoidance claims made by other creditors of such subsidiaries under applicable insolvency laws. As a result, such creditors may take priority over the claims of such clients under such guarantees. Under federal or state fraudulent conveyance law, a court may void or otherwise decline to enforce such debt and such clients would no longer have any claim against such company or the applicable guarantor. In addition, the court might direct Brevet Capital’s clients to disgorge any amounts already received from such company or a guarantor. In some cases, significant subsidiaries of such a company may not guarantee the obligations of such company; in other cases, such a company may have the ability to release subsidiaries as guarantors of such company’s obligations. The repayment of such investments may depend on cash flow from subsidiaries of the company that are not themselves guarantors of such company’s obligations.

#### *Investments in Equity Securities Generally*

Brevet Capital recommends that clients, and causes clients to, invest in or otherwise hold equity securities or derivatives thereon issued by, or written with respect to, companies in which such clients have invested (or their affiliates). Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options, and other equity or hybrid equity securities. Various risks pertain to the holder of such equity and related instruments, certain of which are described as follows. Equity securities generally represent the most junior position in an issuer’s capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock

generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend, and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights, and other similar securities or instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights, and other similar securities or instruments may be considered more speculative than other types of equity investments.

### *Swap Contracts*

Brevet Capital may recommend that clients, or may cause clients to, enter into equity, interest rate, index, currency rate, and other swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specified assets, such as the return on, or increase in the value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. A swap contract may not be assigned without the consent of the counterparty, and may result in losses in the event of a default or bankruptcy of the counterparty. Swap agreements tend to shift investment exposure from one type of investment to another. For example, if an investor agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to change such investor's exposure to U.S. interest rates and its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of Brevet Capital's clients' portfolios. Significant factors in the performance of swap agreements include the change in the specific interest rate, currency, individual equity value, and other factors that determine the amounts of payments due to and from clients. If a swap agreement calls for payments by a client, such client must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses.

### *Foreign Investments*

Brevet Capital recommends that clients, and causes clients to, invest in securities, loans, other assets, and/or equity-like securities of companies domiciled or operating in foreign countries. Investing in foreign countries involves considerations and possible risks not typically involved in investing in securities, loans, other assets, and equity-like securities of companies domiciled and operating in the United States, including political, legal, economic, and fiscal instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad), or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividends, interest payments, or capital gains) or confiscatory taxation may also affect investment in foreign countries. Higher expenses may result from investment in foreign countries than investment in the United States because of the costs that must be incurred in connection with conversions between various

currencies and foreign brokerage commissions that may be higher than in the United States. Foreign markets also may be less liquid, more volatile, and less subject to governmental supervision. Investments in foreign countries could be affected by other factors, including custody risk, lack of uniform accounting, auditing, and financial reporting standards, potential difficulties in enforcing contractual obligations, and less complete and reliable fiscal and other information.

#### *Currency Exposure*

Brevet Capital recommends that clients, and causes clients to, make investments in currencies other than the United States dollar. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Brevet Capital will evaluate whether holding foreign currency exposure is appropriate and where hedging is necessary. However, there is no assurance that Brevet Capital will or would be able to implement or recommend strategies to hedge any foreign exchange positions effectively.

#### *Emerging Markets*

Brevet Capital may recommend that clients, or may cause clients to, make investments in certain smaller and emerging markets, which are typically those of less developed countries. The prospects for economic growth in a number of these markets are considerable, and equity returns have the potential to exceed those in mature markets as growth is achieved. However, such investments will have risks from political, economic, and market factors in such smaller and emerging markets that are of particular significance. These include the possibility of various forms of punitive or confiscatory government intervention, reduced levels of regulation, less developed rule of law and courts, higher brokerage and transaction commissions, less reliable settlement and custody practices, loss of registration of securities, low market liquidity, higher market volatility (causing a substantial increase in price and currency risks), and less reliable financial reporting. These factors may result in a generally higher level of risk with respect to the individual smaller and emerging markets.

#### *Private Investment Funds*

Investment in pooled investment vehicles such as the Funds involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment and that have no need for liquidity in their investment. There can be no assurances that a Fund will achieve its investment objectives. An investment in a Fund carries with it the inherent risks associated with the particular investment program of such Fund, as well as additional risks. A more detailed discussion of the risks associated with investing in any particular Fund is set forth in such Fund's offering documents, which are provided to prospective investors for review and consideration prior to their investing. Each investor is required to complete a subscription agreement, pursuant to which such investor must establish that it is qualified to invest in the Fund and acknowledge and accept the various risks that are associated with such an investment.

#### *Absence of Regulatory Oversight for Funds*

While the Funds may be considered by some investors to be similar to investment companies, the Funds rely on exemptions from registration under the Investment Company Act pursuant to Sections 3(c)(1), 3(c)(5), and/or 3(c)(7) thereof. As a result, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship



between the investment manager and the investment company) do not apply to the Funds. It cannot be assured that the Funds will not become subject to the Investment Company Act in the future due to changes in conditions, circumstances, or the law, which could have a material adverse effect on the Funds.

#### *Credit Facilities; Leverage*

Brevet Capital has broad authority to cause the Funds to incur or guarantee indebtedness or enter into credit facilities (each, a “Credit Facility”) to, among other things, facilitate short-term investment, pay expenses, or consummate investments. Indebtedness from Credit Facilities increases exposure to adverse economic factors such as rising interest rates or severe economic downturns and substantially increases a Fund’s risk profile. In the event the direct or indirect investments of a Fund are unable to generate sufficient cash flow to meet a principal or interest payment required to maintain a Credit Facility, the value of such Fund’s investments will be significantly reduced or even eliminated.

Brevet Capital additionally has broad authority to cause the Funds to incur leverage. BCIF, in particular, makes extensive use of leverage, as described in BCIF’s offering documents. Leverage enhances capacity to maintain short-term liquidity and can enhance returns. However, the use of leverage exposes the borrower to additional levels of risk including: (i) greater losses from investments than would otherwise have been the case had the borrower not borrowed to make the investments, (ii) changes involving a reduction in collateral advance rates that may force premature liquidations of investment positions, and (iii) losses on investments where the investments fail to earn a return that equals or exceeds the cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the borrower’s assets, the borrower might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the borrower.

In an unsettled credit environment, Brevet Capital may find it difficult or impossible to obtain leverage for its clients. In addition, any leverage obtained, if terminated on short notice by the lender, could result in an inability to fund investments, expenses, or withdrawal or redemption requests, if applicable.

#### *Special Risks Relating to the Legal and Regulatory Environment*

Future changes in the legal and regulatory environment may adversely affect Brevet Capital’s ability to implement its strategies, policies, and objectives. Additional legislation (and regulation) and changes in the interpretation or enforcement of existing laws and rules may directly affect Brevet Capital’s clients’ investments.

#### *COVID-19 and Disease Outbreaks*

Disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences, and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, our and our service providers’ normal business operations may be disrupted for an extended period of time, and there can be no assurance that we or our service providers will be able to retain the services of key personnel on a temporary or long-term

basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

In December 2019, a strain of novel coronavirus (COVID-19) was reported to have surfaced, and in January 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. COVID-19 has spread to many countries and has resulted in a widespread health crisis affecting economies and financial markets worldwide, as businesses and governments have taken broad actions to mitigate this public health crisis. The extent to which COVID-19 will continue to impact the business of Brevet Capital and its clients will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extensive period of time, the ability to consummate transactions and/or operate portfolio companies may be materially adversely affected. In addition, disruptions from an epidemic outbreak could negatively impact the ability of Brevet Capital's personnel to effectively identify, monitor, operate, and dispose of investments. The outbreak of COVID-19 has contributed to, and may continue to contribute to, extreme volatility in financial markets. The impact of an epidemic outbreak such as COVID-19 (or any future public health crisis, pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to the performance of the Funds and SMAs.

#### *Involvement in Litigation*

Brevet Capital and certain of its affiliates are currently parties to litigation matters and may from time to time become party to additional litigations in the future. There can be no assurance as to the outcome or timing of the resolution of such matters or whether they will have a material adverse impact on Brevet Capital or its affiliates or otherwise impede Brevet Capital's ability to effectively implement its investment strategies, policies, and objectives for its clients. Litigation involving Brevet Capital and/or its affiliates may occur in any jurisdiction (including outside the United States) and may relate to investments, contracts, personnel, regulation, or a variety of other matters. Additional information regarding current litigation is available to investors and prospective investors from Brevet Capital upon request.

#### *Valuation Risks*

Brevet Capital recommends that clients, and causes clients to, invest in assets for which there is no established trading market. The value of such investments is not subject to verification through the price transparency that typically results from secondary market trading. Such assets typically are illiquid and generally difficult to value. Accordingly, Brevet Capital relies in whole or in part upon, among other things, its own estimates and verbal or written statements produced by valuation agents, administrators, its valuation committee, and/or other affiliated or unaffiliated third parties. Such process involves subjectivity. Brevet Capital sometimes adjusts an asset's value to reflect valuation uncertainty, certain restrictions, and/or other factors that it determines in its judgment to be necessary or appropriate. Such calculations, valuations, and determinations made by Brevet Capital with respect to an asset's value generally are final, non-negotiable, and binding on Brevet Capital's clients.

### *Transactions with Affiliates*

As described in Item 5 (“*Fees and Compensation*”) and Item 10 (“*Other Financial Industry Activities and Affiliations*”) of this Brochure, BCIF and borrowers and/or other counterparties to client transactions utilize the services of, and pay fees and expenses to, affiliates of Brevet Capital. While such services are provided on market rates, the use and selection of affiliated entities Brevet Capital create conflicts of interest in that Brevet Capital may benefit from such arrangements and will be disincentivized from entering into agreements with unaffiliated entities.

### *Data Protection Requirements*

Brevet Capital, its affiliates, and certain third-party service providers are required to comply with strict data protection and privacy laws, including laws of countries outside the United States. Failure to comply with applicable regulations regarding the use of personal data could subject Brevet Capital, its affiliates, and its clients to lawsuits or regulatory proceedings or adversely affect their financial condition.

### *Hedging Transactions*

While it may be possible for Brevet Capital to implement strategies, policies, and methodologies to hedge some of the risks outlined above, it is not obligated to do so and, if such hedging is carried out, there can be no assurance that it will be successful and it may negate certain profits that Brevet Capital’s clients may otherwise have earned or even incur a loss. Brevet Capital’s clients will bear the cost of any such hedging undertaken on their behalf. Furthermore, it is generally not possible to hedge risks related to certain credit transactions that Brevet Capital recommends to clients. Also, it may not be possible to hedge certain risks in many of the less developed markets in which Brevet Capital’s clients may invest, as exchange-traded futures and options are not available in certain markets.

## **ITEM 9: DISCIPLINARY HISTORY**

Neither Brevet Capital nor any of its supervised persons has any reportable disciplinary history.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### *Relying Adviser*

Brevet Intermediate Duration Partners, LLC is registered with the SEC in reliance on the investment adviser registration of BCM.

The filing adviser and the relying adviser share a common compliance program, including a Code of Business Conduct, Ethics & Insider Trading Policy (“Code of Ethics”) and other compliance policies and procedures. The relying adviser serves as the general partner for one of the Funds. In such role, it maintains a capital account and receives allocations of net profit (or loss) from such Fund.

### *GP Entities*

BCM, its relying adviser, and/or special purpose vehicles under common control with BCM serve as the GP Entities for each of the Funds and for special purpose entities formed to hold investments on behalf of Funds and SMAs. Such GP Entities maintain capital accounts in the Funds and/or such special purpose entities and receive a share of net profits through either (i) allocations based on net realized and unrealized

profits (“incentive allocation”) or (ii) distributions in excess of return of capital (and, in some cases, a preferred return) (“carried interest”). Certain of the GP Entities invest their own capital in Funds alongside investors. However, GP Entities of special purpose entities formed to hold investments on behalf of SMAs do not invest their own capital and maintain a capital account only for the purpose of receiving incentive allocations or distributions of carried interest, as applicable.

With respect to the Funds, such arrangements are negotiated with the investors in such Funds and are set forth in such Funds’ offering documents and subscription documents, which are provided to prospective investors prior to their investing.

With respect to SMAs, such arrangements are set forth in the operating agreements of the special purpose entities formed to hold investments, which agreements are negotiated and drafted in coordination with representatives of such SMAs.

For a discussion of the potential conflicts of interest that may exist as a result of such relationships, and the steps Brevet Capital takes to mitigate such potential conflicts of interest, please see Item 6 (“*Performance-Based Fees and Side-By-Side Management*”) of this Brochure.

#### *Potential Conflicts of Interest Related to Performance-Based Fee Arrangements*

Performance-based fee arrangements and the payment of incentive allocations or carried interest to the GP Entities may create an incentive for Brevet Capital to recommend investments that may be riskier or more speculative than those that it may otherwise recommend under different fee or distribution arrangements. In addition, Brevet Capital may be incentivized to favor certain clients over others where, for example, (i) investment by one client will limit the extent to which other clients may participate in such investment and (ii) Brevet Capital and/or its affiliates have differing economic interests with respect to such clients (e.g., differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest).

To help mitigate such potential conflicts of interest, Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients.

In determining the allocation of investment opportunities, Brevet Capital does not take into consideration the structure and amount of fees and incentive compensation paid to Brevet Capital and/or its affiliates by different clients. Brevet Capital has adopted investment allocation guidelines that take into account the size and nature of each transaction and each client’s investment strategy, available capital, concentration targets, and other applicable investment constraints. Such guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital’s clients are made by the Investment Committee in accordance with such allocation guidelines and are reviewed and approved by Brevet Capital’s Chief Compliance Officer and/or one or more of her designees.

To mitigate any conflict of interest associated with higher valuations, which result in higher fees, Brevet Capital and the Funds (i) have adopted valuation policies that ensure valuation methodologies are appropriately applied in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and, in the case of the Funds, their offering documents and (ii) utilize the services of an independent firm to review and advise on Brevet Capital’s valuation methodology.

### *Other Service Providers*

Douglas Monticciolo is the Chief Investment Officer and Chief Executive Officer of BCM and is the principal owner and controlling person of Brevet Holdings, the sole owner of BCM. Brevet Holdings is also the owner and managing member of FCS and certain other entities.

BCM, FCS, and/or other affiliates of Brevet Capital frequently charge transaction fees that are payable by borrowers and/or other counterparties to client transactions in connection with Brevet Capital's clients' transactions. For example, a number of such borrowers and/or counterparties pay one-time "work fees" for services such as due diligence, documentation, closing, monitoring, and/or administration / audit of a transaction, which typically range from twenty-five thousand dollars (\$25,000) to fifty thousand dollars (\$50,000) per transaction. Notwithstanding the foregoing, transaction fees charged to borrowers and/or other counterparties to client transactions by BCM, FCS, and/or other affiliates of Brevet Capital exceed such range from time to time based on a variety of factors, especially in connection with large and/or complex transactions, and have been as high as seven hundred thousand dollars (\$700,000) (which was one and one-half percent (1.5%) of the overall transaction amount).

FCS and other affiliates of Brevet Capital also are engaged by certain borrowers and/or other counterparties to client transactions to provide loan administration services post-closing of a loan, collateral administration services, and oversight of equity participations on an ongoing basis. In connection therewith, FCS and/or such other affiliates variously provide services such as: coordinating the filing, perfection, and release of liens and UCC filings; receiving payments on behalf of, and making distributions to, lenders; calculating applicable interest rates and notifying borrowers of changes thereto; maintaining accounts evidencing indebtedness, including the amounts of principal and interest payable and paid to lenders from time to time; and approving distributions by borrowers. Fees paid in connection with such services typically are as high as sixty-five basis points (0.65%) *per annum*. Notwithstanding the foregoing, service fees charged to borrowers and/or other counterparties to client transactions by FCS and/or other affiliates of Brevet Capital may exceed such amount from time to time, especially in connection with large and/or complex transactions, and fees generally increase and/or constitute a higher percentage of investments during liquidation.

BCM, FCS, and/or other affiliates of Brevet Capital also collect fees in connection with certain transactions that are not completed (*i.e.*, break-up fees).

Certain of the Funds and SMAs receive a portion (typically ranging from fifty percent (50%) to eighty percent (80%)) of the benefit of such fees that are directly related to their investment activities in the form of an offset to management fees, while other Funds and SMAs do not receive any such reductions or other rebates. Such arrangements are negotiated with the investors in the Funds and the representatives of SMAs and are set forth in the Funds' offering documents, which are provided to prospective investors prior to their investing, or the SMAs' investment management agreements, as applicable.

### *Steps to Mitigate Conflicts of Interest*

To help mitigate potential conflicts of interest with respect to its affiliated entities:

- Brevet Capital has established a Conflicts Advisory Board to identify, evaluate, and make recommendations regarding potential and actual conflicts of interest arising between or among any

of (i) BCM, (ii) the entities to which BCM provides discretionary investment advisory services, and (iii) the affiliates of any of the foregoing ((i)-(iii), collectively, the “Brevet Entities”). The Conflicts Advisory Board must have been three (3) and seven (7) members, a majority of which is required to be independent from the Brevet Entities. As of the date of this Brochure, the Conflicts Advisory Board has three (3) members. While Brevet Capital is not required to present potential or actual conflicts of interest among the Brevet Entities to such Conflicts Advisory Board (except for with respect to BCIF), it typically does so before causing Funds with respect to which it has discretionary authority to enter into transactions with one another.

- The governing documents for certain of the Funds require the appointment of a majority-independent advisory board, which in each case has the same composition as the Conflicts Advisory Board described above. BCM is required to obtain the written consent of the Conflicts Advisory Board prior to causing BCIF to enter into any transaction with any affiliate of BCIF or BCM. With respect to the other Funds, Brevet Capital is not required to present potential or actual conflicts of interest to the Conflicts Advisory Board, but typically does so before causing Funds with respect to which it has discretionary authority to enter into transactions with one another. For one of the Funds, the Conflicts Advisory Board additionally has the authority to provide approvals required under the Advisers Act, including Section 206(3) thereof, on behalf of such Fund. Additional details regarding any how the Conflicts Advisory Board interacts with any particular Fund are set forth in such Fund’s offering documents, which are provided to prospective investors prior to their investing.
- Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients. See Item 6 (“*Performance-Based Fees and Side-By-Side Management*”) of this Brochure.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### ***Code of Ethics***

Brevet Capital has adopted a Code of Ethics intended to prevent and detect violations of federal securities laws. The Code of Ethics is predicated on the principle that Brevet Capital and its employees owe a fiduciary duty to clients and investors. Accordingly, Brevet Capital expects all employees to act with honesty, integrity, and professionalism and to adhere to federal securities laws. Brevet Capital and its employees are required to adhere to the Code of Ethics; at all times, Brevet Capital and its employees must place client and investor interests ahead of Brevet Capital’s. Brevet Capital will provide a copy of its Code of Ethics to any client or prospective client upon request.

### ***Political Contributions***

Brevet Capital’s political contributions policy establishes restrictions that apply when Brevet Capital or its employees make or solicit political contributions or engage in political activities. The policy prohibits Brevet Capital and its employees from making political contributions for the purpose of obtaining or retaining advisory contracts with government entities.

### *Trading Policy*

Brevet Capital's personal trading policy includes restrictions that apply when its personnel engage in trading securities. The policy requires personnel to disclose brokerage accounts and those of certain family members. Except in limited circumstances, the policy requires personnel to pre-clear their securities transactions (*e.g.*, to ensure that the security does not appear on Brevet Capital's restricted list). Personnel must report their securities transactions and holdings on a regular basis.

### *Participation or Interest in Client Transactions*

Except as described below, Brevet Capital and its affiliates (other than the Funds) do not invest in investment opportunities that Brevet Capital recommends to its clients or causes its clients to invest in.

Brevet Capital or one of its affiliates has a financial interest in each of the Funds as follows:

- GP Entities serve as the general partner or managing member (or in a comparable role) for each of the Funds and such Funds' special purpose entities formed to hold investments. Such GP Entities maintain capital accounts in the Funds and receive a share of net profits through either (i) allocations based on net realized and unrealized profits ("incentive allocation") or (ii) distributions in excess of return of capital (and, in some cases, a preferred return) ("carried interest"). Certain of the GP Entities invest their own capital in Funds alongside investors.
- Employees of Brevet Capital and/or its affiliates may from time to time make personal investments in the Funds. Such employees typically hold employee-only classes of interests that pay no (or reduced) management fees, incentive allocations, and/or carried interest, as applicable.

Investment in the Funds by Brevet Capital, its affiliates, and/or their employees is designed to align the interests of such investors and their beneficial owners (collectively, "Brevet Investors") with those of the Funds, as such Brevet Investors have personal assets at risk alongside the investors in the applicable Fund. These arrangements do, however, present conflicts of interest. For example, Brevet Investors responsible for the provision of investment advice may be incentivized to recommend higher risk investments than they otherwise would or to recommend the acquisition or disposition of assets based on their personal interests rather than the best interests of the Fund as a whole. Also, Brevet Investors may have information regarding potential investments that may be more comprehensive than information known by other investors in the Funds. Brevet Capital has implemented policies and procedures, including the Code of Ethics, that are designed to mitigate and properly manage conflicts of interest and to require employees to act in the best interests of Brevet Capital's clients.

Brevet Capital also has a financial interest in certain SMAs, as GP Entities sometimes serve as the general partner or managing member (or in a comparable role) for certain special purpose entities formed to hold investments on behalf of SMAs in order to receive incentive allocations or distributions of carried interest, as applicable. Such GP Entities do not invest their own capital through SMAs.

### *Other Conflicts of Interest*

#### *Client Cross Transactions*

Brevet Capital recommends that clients, and causes clients to, sell assets to, purchase assets from, and otherwise share in investment transactions with other of Brevet Capital's clients. Brevet Capital frequently

effects investments that involve multiple clients through the use of participation arrangements, pursuant to which one of Brevet Capital's clients initially acquires one hundred percent (100%) of an investment opportunity and subsequently sells a participation interest in such investment to one or more other clients. See Item 4 ("*Advisory Business*") of this Brochure for additional detail regarding such participation arrangements.

Additionally, from time to time Brevet Capital recommends that clients, and causes clients to, lend or borrow to or from other clients. Certain of the Funds have provided bridge financing to BCIF. Such loans, which provide the majority of BCIF's capital and constitute such Funds' largest investments, are made on market terms and are considered assets of such Funds. Accordingly, BCM is paid a management fee by such Funds that is based in part on the value of such loans. The proceeds of such loans are used by BCIF to invest in real estate development, infrastructure development, or other ventures. The management fees paid to BCM by BCIF are calculated based its "total assets under management", which is calculated based on the gross value of BCIF's investments without deducting associated liabilities such as the bridge financing. Such arrangements create potential conflicts of interest, as BCM has an incentive to recommend that clients, or cause clients to, lend to BCIF in order to maximize the assets on which BCM is paid management fees. Management fees paid by any one Fund do not offset the management fees paid by any other Fund. The bridge loan facility, and the terms and fees associated therewith, are more fully described in the relevant Funds' offering documents, which are provided to prospective investors prior to their investing.

To address the potential conflicts of interest raised by client cross transactions:

- Brevet Capital has established a Conflicts Advisory Board to identify, evaluate, and make recommendations regarding potential and actual conflicts of interest arising between or among the Brevet Entities. BCM is required to obtain the written consent of the Conflicts Advisory Board prior to causing BCIF to enter into any transaction with any affiliate of BCIF or BCM. With respect to the other Funds, Brevet Capital is not required to present potential or actual conflicts of interest to the Conflicts Advisory Board, but typically does so before causing Funds with respect to which it has discretionary authority to enter into transactions with one another. For additional details regarding the Conflicts Advisory Board, see Item 10 ("*Other Financial Industry Activities and Affiliations*") of this Brochure.
- Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients. See Item 6 ("*Performance-Based Fees and Side-By-Side Management*") of this Brochure.

#### *Principal Transactions*

Brevet Capital generally does not, as principal, engage in securities transactions with its clients. Prior to engaging in any such transaction with a client, Brevet Capital will first disclose to the client in writing the capacity in which it is acting and will obtain the written consent of such client. With respect to certain of the Funds, such Funds' governing agreements provide that the Conflicts Advisory Board may consent to such a transaction on behalf of the Fund.



### *Expense Allocations*

The expenses discussed in Item 5 (“*Fees and Compensation*”) of this Brochure may be shared by multiple clients. This may create conflicts of interest for Brevet Capital in some instances, as the allocation of such expenses may impact the performance of clients for which Brevet Capital has differing economic interests (e.g., differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest). Brevet Capital allocates such expenses in its sole and absolute discretion exercising good faith. Brevet Capital has implemented policies and procedures designed to ensure that expense allocations are equitable and consistent. Nonetheless, it may be difficult or impossible to do so equitably. Certain expenses shared by one or more clients may be initially paid by a single client, which is then reimbursed by other clients for their appropriate share of the relevant expenses.

### *Valuation*

Brevet Capital recommends that clients, and causes clients to, invest in assets that are illiquid, subordinate, non-traded, and/or lightly traded investments, which may be held in a variety of countries for which market values are not readily available and fair values are difficult to estimate. Brevet Capital could be conflicted in valuing such investments in clients’ accounting records or investor reports in order to improve the performance presented to investors or potential investors or to minimize write-downs impacting incentive allocations, carried interest, and/or management fees.

In order to address these risks, Brevet Capital and the Funds (i) have adopted valuation policies that ensure valuation methodologies are appropriately applied in accordance with U.S. GAAP and, in the case of the Funds, their offering documents and (ii) utilize the services of an independent firm to review and advise on Brevet Capital’s valuation methodology. However, there can be no assurances such valuations, or their underlying assumptions, will prove to be accurate.

### *Possession of Material Non-Public Information*

Brevet Capital may come into possession of material, nonpublic information with respect to investment targets and other public companies in connection with advising its clients. Possession of material, nonpublic information by Brevet Capital may limit the ability of its clients to buy or sell the applicable company’s securities. In addition, Brevet Capital may enter into confidentiality agreements that include provisions, such as “standstills”, that limit the ability of its clients to buy or sell certain securities. Brevet Capital maintains policies and procedures designed to protect confidential information in accordance with applicable regulations, and also maintains policies and procedures designed to ensure the confidentiality of client information generally.

### *Affiliate Transactions*

As described in Item 5 (“*Fees and Compensation*”) and Item 10 (“*Other Financial Industry Activities and Affiliations*”) of this Brochure, BCIF and borrowers and/or other counterparties to client transactions utilize the services of, and pay fees and expenses to, affiliates of Brevet Capital. While such services are provided on market rates, the use and selection of affiliated entities Brevet Capital create conflicts of interest in that Brevet Capital may benefit from such arrangements and will be disincentivized from entering into agreements with unaffiliated entities.

## **ITEM 12: BROKERAGE PRACTICES**

Brevet Capital generally does not utilize or recommend the services of broker-dealers for client transactions. The majority of the investments recommended by Brevet Capital are not market-traded instruments, and so traditional best execution concepts for market-traded instruments do not readily apply.

In any event, Brevet Capital seeks to trade assets on behalf of its clients in a manner that is fair and equitable to all clients, and to exercise diligence and care throughout the transaction process. Brevet Capital will not recommend brokers to clients, allow clients to direct brokerage, or have any soft dollar arrangements.

## **ITEM 13: REVIEW OF ACCOUNTS**

Brevet Capital's risk managers periodically review client accounts, and performance and investment concentration are monitored on an ongoing basis. Allocation guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital's clients are made by the Investment Committee in accordance with such allocation guidelines and are reviewed and approved by Brevet Capital's Chief Compliance Officer and/or one or more of her designees. Brevet Capital personnel also regularly communicate with risk management via meetings and e-mail to discuss clients' investments.

Each Fund investor receives unaudited reports of the performance of such Fund and the status of its capital account either monthly or quarterly, as well as audited year-end financial statements annually.

Reporting obligations to SMAs, including the frequency, form, and method of delivery of reports, are separately negotiated with representatives of each such SMA and are set forth in the applicable investment management agreements.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Funds, and/or Brevet Capital on behalf of the Funds, engage registered broker/dealers ("Placement Agents") and/or consultants and finders ("Finders") from time to time to assist in the sale to investors of interests in the Funds. If a prospective investor in a Fund is introduced to Brevet Capital by a Placement Agent or a Finder and ultimately invests in a Fund, then Brevet Capital and/or such Fund pays such Placement Agent or Finder a fee.

Fees paid to Placement Agents and Finders typically are structured as one-time referral payments and/or ongoing fees based on a percentage of the capital invested or the fees received by Brevet Capital and its affiliates from referred investors.

While fees paid to Placement Agents and Finders by a Fund typically offset the management fees that would otherwise be payable to BCM, fees paid to Placement Agents and Finders by BCIF are considered expenses of the Fund and do not offset management fees. BCIF's use of Placement Agents and Finders is more fully described in its offering documents and subscription documents, which are provided to prospective investors prior to their investing.

Brevet Capital may additionally engage Placement Agents or Finders to solicit clients for Brevet Capital (and not prospective investors in a Fund). If a prospective client is introduced by a Placement Agent or a

Finder and ultimately becomes a client of Brevet Capital, then Brevet Capital may pay such Placement Agent or Finder a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any unaffiliated Placement Agent or Finder shall, at the time of the solicitation, disclose the nature of its solicitor relationship and shall provide to such prospective client a copy of this Brochure together with a copy of the written disclosure statement from such Placement Agent or Finder to the prospective client disclosing the terms of the solicitation arrangement between Brevet Capital and such Placement Agent or Finder, including the compensation to be received by such Placement Agent or Finder from Brevet Capital. Any affiliated Placement Agent or Finder of Brevet Capital shall disclose the nature of its relationship with Brevet Capital to prospective clients and Fund investors at the time of the solicitation and shall provide such prospective clients and investors with a copy of this Brochure.

#### **ITEM 15: CUSTODY**

Brevet Capital has custody of certain client assets. In connection therewith, Brevet Capital has established a policy regarding custody of client assets and has committed to providing ongoing monitoring to ensure the policy is followed.

Brevet Capital and/or the clients have engaged qualified custodians to maintain custody of client assets that are required to be maintained with a qualified custodian. Client assets that qualify as “privately offered securities” (either under Rule 206(4)-2 of the Advisers Act or the related SEC staff guidance) typically are not maintained with a qualified custodian pursuant to the SEC’s IM Guidance 2013-04, *Privately Offered Securities and the Investment Advisers Custody Rule*.

Each Fund provides its investors with (i) annual audited financial statements performed by an independent certified public accounting firm; (ii) quarterly or monthly unaudited performance reports; and (iii) copies of such Fund’s tax return or K-1 for each year, as applicable.

#### **ITEM 16: INVESTMENT DISCRETION**

Brevet Capital provides both discretionary and non-discretionary investment advisory services, depending on the client, from the outset of the applicable advisory relationship.

##### ***Funds***

For each Fund, the advisory relationship and applicable investment guidelines and restrictions are set forth and more fully described in such Fund’s offering documents, which are provided to prospective investors prior to their investing, and the applicable investment management agreement.

##### ***Non-Discretionary***

For certain of the Funds, Brevet Capital provides only non-discretionary investment advice and recommendations. The ultimate decision to make or dispose of any particular investment is made by the Fund’s majority-independent board of directors, majority-independent board of managers, or majority-independent investment committee, as applicable.

### *Discretionary*

For the remainder of the Funds, Brevet Capital provides investment advisory services involving a significant amount of investment discretion. Brevet Capital generally makes decisions as to which assets, investments, and/or securities to acquire and dispose of, and the amounts and timing of such transactions, without any requirement to provide notice to, consult with, or seek the consent of its clients in advance. In making such decisions, Brevet Capital is guided by the stated investment objectives and offering documents of such Funds.

In certain circumstances, Brevet Capital is required to obtain advance consent before making an investment. For example, (i) with respect to one of the Funds, BCM may not cause the Fund to make any open market purchases of publicly listed or traded debt or equity securities without the consent of its board of advisors, which is composed of representatives of limited partners, and (ii) BCM may not cause BCIF to enter into any transaction with any affiliate of BCIF or BCM without the prior written approval of the Conflicts Advisory Board. While Brevet Capital is not otherwise required to present potential or actual conflicts of interest among Brevet Entities to the Conflicts Advisory Board, it typically does so before causing Funds with respect to which it has discretionary authority to enter into transactions with one another.

### *SMA*s

For SMA

s, Brevet Capital typically makes investment recommendations, and the ultimate decision to make any particular investment is made by representatives of such SMAs. Thereafter, Brevet Capital typically has discretionary authority to manage and control the disposition of such investments.

Such arrangements are separately negotiated with representatives of each such SMA and are set forth in the applicable investment management agreements.

## **ITEM 17: VOTING CLIENT SECURITIES**

Due to the nature of Brevet Capital's advisory services, Brevet Capital does not vote client proxies.

## **ITEM 18: FINANCIAL INFORMATION**

### *Prepayment of Fees*

Brevet Capital does not require or solicit prepayment of fees six (6) months or more in advance.

### *Financial Condition*

Brevet Capital does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

### *Bankruptcy*

Brevet Capital has not been, nor is it currently, the subject of a bankruptcy petition.