



## LeVasseur Capital Partners LLC

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## Form ADV, Part 2A Brochure

March 9, 2021

This brochure provides information about the qualifications and business practices of LeVasseur Capital Partners LLC. If you have any questions about the contents of this brochure, please contact us at (949) 729-1700 and/or [info@levasseurcapital.com](mailto:info@levasseurcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered” does not imply that LeVasseur Capital Partners LLC or any person associated with LeVasseur Capital Partners LLC has achieved a certain level of skill or training.

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

## ITEM 2 - MATERIAL CHANGES

**Revised March 9, 2021**

The purpose of this page is to inform you of material changes since the previous annual update to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

LeVasseur Capital Partners LLC reviews and updates our brochure at least annually to confirm that it remains current. We have not made material changes since the brochure dated March 8, 2019.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

LeVasseur Capital Partners LLC (“LCP,” “we,” “our,” “us,” or the “Firm”) is a privately owned independent investment management firm. LCP is a Delaware limited liability company headquartered in Newport Beach, California. Gilbert E. LeVasseur, Jr. founded LCP in 2005. Mr. LeVasseur co-founded Cooper & LeVasseur, LLC (the predecessor firm) in 1998.

The Gilbert E. LeVasseur, Jr. Revocable Trust is the principal owner of LCP, and Gilbert E. LeVasseur, Jr. is the sole trustee of the trust.

### Advisory Services Offered

LCP provides investment management services on a discretionary basis to private investment funds and individually managed accounts (“clients”). Investors may invest in a private investment fund organized and managed by LCP or open a managed account to receive these services directly. The private investment funds are structured as limited partnerships, of which LCP serves as the general partner. The private investment funds are available only to “Accredited Investors,” as the term is defined by Rule 501 of the Securities Act of 1933, and only by a private offering memorandum. A fund’s investors must also meet the financial requirements of Securities and Exchange Commission Regulation 275.205-3(b) of the Investment Advisers Act of 1940 since each fund has a performance-based compensation structure. Additional information on these standards is provided in the private offering memorandum and subscription agreement for each fund.

This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, partnership interests in a fund. Such an offer can only occur when the prospective investor receives the offering documents.

For information about LCP’s discretionary authority, see *Item 16 - Investment Discretion* below. Fees charged for investment supervisory services are described below under *Item 5 - Fees and Compensation*.

### Tailored Services and Client Imposed Restrictions

The private investment funds are managed according to the investment objectives of each fund. As funds are pooled investment vehicles, investors in a fund may not impose restrictions on investing in certain securities or types of securities in the fund. However, LCP allows investors to make certain requests for special or preferential accommodations. These accommodations are typically in the form of “side letters,” which are written agreements between the individual fund investor and LCP or the fund. Such side letters may include waiver(s) of certain provisions of the fund’s private offering memorandum and/or partnership agreement. The terms of these side letters may include, among other things, provisions that allow LCP to exceed the maximum threshold of an individual position held within a fund.

On a limited basis, LCP advises individually managed accounts. Managed accounts are advised based on the individual’s circumstances and financial situation. Clients with individually managed accounts may request restrictions for such account(s), such as when a client needs to keep a minimum level of cash in the account or

does not want LCP to buy or sell certain specific securities or security types in the account. LCP reserves the right to not accept and/or to terminate management of a client's account if it feels the client-imposed restrictions would limit or prevent LCP from meeting or maintaining the client's investment strategy.

## **Assets Under Management**

As of 12/31/2020, LCP's discretionary assets under management were \$127,875,088

## **ITEM 5 - FEES AND COMPENSATION**

### **Advisory Fees**

#### *Types of Advisory Fees*

The terms of each individually managed account client's agreement will govern the advisory fees they pay LCP. The terms of each private fund's limited partnership agreement will govern the advisory fees paid to LCP. LCP typically charges a combination of Management Fees and Incentive Fees. Clients should review the client agreement, private fund offering memorandum and/or limited partnership agreement for specific details regarding advisory fees.

#### *A. Management Fees*

LCP typically charges an annual "Management Fee" of up to 1.5% of the value of a client's capital account at the measurement date.

#### *B. Incentive Fees*

LCP typically charges performance-based "Incentive Fees". These Incentive Fees may be different for each client with an individually managed account and/or private investment fund and are based strictly upon the terms of the client agreement or limited partnership agreement.

For new clients, LCP generally charges a performance-based incentive allocation, typically earned and paid as of the end of each calendar year. The incentive allocation is equal to 20% of the net appreciation in each client's capital account through the end of the period. The incentive allocation may not reduce a client's appreciation for the period below a threshold return amount which is equal to the amount of gain that would have been realized by the client had the client's capital account at the beginning of the period been invested at an annual rate equal to an agreed-upon percentage. For periods in which the client's appreciation exceeds the threshold return amount and, after the allocation of the threshold return, LCP will receive a "catch-up" allocation so that all appreciation for the period is allocated 80% to the client and 20% to LCP. The incentive allocation is payable only if, and to the extent that, the net capital appreciation of a client's capital account for the period exceeds any net capital depreciation accumulated in prior periods. Once earned, the incentive fees are not refundable. LCP may receive incentive allocations with regard to unrealized appreciation as well as realized gains.

#### *Negotiability*

Generally, fees are not negotiable. At its discretion, LCP may reduce or eliminate the Management Fee or Incentive Fee.

## Calculating and Billing Advisory Fees

Management Fees are typically calculated and become payable in advance at the beginning of each calendar quarter. All calculations are subject to pro rata adjustments to reflect contributions to or withdrawals from a client's account.

Depending on the terms of the client agreement or limited partnership agreement, Incentive Fees are typically calculated and accrued at the end of each accounting period (net of Management Fees and expenses) and are payable at the end of each calendar year, or accounting period, or on each date earned Incentive Fees become eligible for distribution. All calculations are subject to pro rata adjustments to reflect net additions to or withdrawals from a client's account.

LCP invoices for all Management Fees and Incentive Fees when incurred. Clients with individually managed accounts can elect to pay Management Fees and Incentive Fees directly or authorize deduction from their accounts. Incentive Fees owed by the private investment funds are allocated from the fund investor's capital account to the general partner's capital account within the partnership.

## Other Fees and Expenses

In addition to LCP's advisory fees, clients are typically required to reimburse LCP for certain expenses LCP incurs in connection with performing its investment management services. These expenses are set out in the applicable client agreements or limited partnership agreements and include, for example: brokerage commissions and other execution charges; custodial charges; fees for quotation and other data services; fees related to accounting, trading, portfolio management and risk management systems; research subscriptions and expenses; broken deal fees; and audit and tax preparation. LCP's brokerage practices are described in ***Item 12 – Brokerage Practices*** below.

In addition, the private investment funds also bear all fees, costs or expenses of the fund that the general partner reasonably incurs in connection with the operation of the business and maintenance of the fund. Private fund investors should review the offering memorandum or limited partnership agreement for specific details regarding fund expenses.

## Termination

LCP typically requires clients with individually managed accounts to provide 30 days' advance written notice to terminate an investment management agreement. If this occurs, LCP will adjust its Management Fees accordingly on a pro-rata basis.

LCP typically requires investors in its private investment funds to provide 90 days' advance written notice in order to withdraw from a limited partnership. If this occurs, LCP will adjust its Management Fees accordingly on a pro-rata basis. Generally, the terms of the private funds do not allow investors to withdraw assets until the last day of each calendar quarter, after the third anniversary of the date of the capital contribution. Private fund investors should review the offering memorandum or limited partnership agreement for specific details regarding withdrawal rights.

## **Other Compensation**

LCP does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

LCP charges performance-based fees in addition to the Management Fee. This is described in greater detail above in ***Item 5 – Fees and Compensation***. Investors should review the client agreement, private offering memorandum and limited partnership agreement for specific details regarding performance-based fees.

## **ITEM 7 - TYPES OF CLIENTS**

LCP manages private investment funds and individually managed accounts on a discretionary basis. Investors in LCP's private funds and individually managed accounts are generally high net worth individuals, trusts, corporations, and businesses.

## **Account Requirements**

Generally, LCP requires a minimum initial investment of \$5,000,000. LCP may accept investments of a lesser amount at its discretion.

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

LCP recommends its limited partnership offerings to investors based on factors that include but are not limited to accreditation status and the level of interest an investor expresses during meetings with LCP. For individually managed accounts, LCP's general investment strategy is to seek capital growth proportionate with the client's risk tolerance and investment objectives.

## **Investment Strategy and Methods of Analysis**

There are no limits on the type, class or number of investment securities LCP may hold at any time. For individually managed accounts this may result in widely varying portfolios, comprised from time to time of equities, fixed income, options, leveraged and structured investment products, commodities, and many other types of investments. For the private funds, however, LCP seeks to maintain investments in a concentrated portfolio of U.S. equities.

LCP seeks to generate long-term returns in excess of the market average. LCP strives to identify and invest in good management teams in undervalued businesses with outstanding return characteristics.

The LCP investment process is based on a research-intensive approach, with extensive due diligence of each company considered and a disciplined investment selection and monitoring process.



LCP utilizes a private equity approach to investing in publicly traded securities. LCP focuses on a limited number of public companies with what it believes are outstanding business attributes, such as a strong defensible franchise, high market share, predictable revenues, excess cash flows and high returns on capital. LCP also seeks to invest in businesses with management and board incentives that are well-aligned with shareholder interests. After making an investment, LCP seeks to ensure a focus on operational excellence and good capital allocation by maintaining a strategic dialogue with management, selected board members and major shareholders.

LCP's research-intensive, value-oriented methodology emphasizes the preservation of capital. The Firm's principals are investors, not speculators or traders. The Firm's investments are concentrated, as LCP will typically hold positions in 5 – 12 diversified portfolio companies at any one time.

LCP does not actively use leverage in its investment strategy; however, margin account leverage is periodically used to optimize timing of investment entry. LCP does not actively use short positions in its investment strategy; however, various instruments may be used from time to time to hedge against general market risks.

LCP typically purchases securities for a holding period to exceed one year. When exiting an investment, the decision to sell is as disciplined as the decision to buy. Sell decisions are based on a long-term perspective rather than quarterly performance. Goals are set when an investment is made, and LCP generally seeks to divest when these goals are met. LCP may exit earlier if it loses faith in management, sees looming deterioration in business fundamentals, finds more promising investment opportunities elsewhere, or for other reasons.

### Private Funds

While LCP intends to invest the assets of the private funds as described above, it has wide latitude to act upon any particular strategy or tactic or to change the funds' emphasis or objective, all without obtaining the consent of the funds' limited partners. Except to the extent permitted by the relevant offering documents, no single portfolio investment will exceed 20% of the limited partners' aggregate capital commitments at the time of investment. There are no specific quantitative criteria such as an issuer's asset size, earnings, coverage or industry type that would make a security unsuitable for purchase by the funds. Further, the funds' limited partnership agreements do not limit the types of positions the funds may take or the concentration of its investments (by company, asset class, industry, or market segment), the amount of leverage employed, or the number and size of short positions. The limited partnership agreements permit a wide range of investments, including but not limited to equity and debt securities, derivative instruments and cash equivalents.

## **Investing Involves Risk**

Investing in securities involves risk of loss that clients should be prepared to bear. LCP makes no guarantee or representation that its investment strategy will be successful. Past performance of LCP and its clients' portfolios is not a guarantee of future results.

### Market Risks

All investments are subject to market risks, including but not limited to: investment-specific price fluctuations; economic, political, interest rate and other risks, which could result in adverse market price changes; and the

difficulty of accurately predicting price movements in particular securities or the market as a whole. Due to the nature of its investment strategy, LCP may have only limited ability to vary a client's investment portfolio in response to changing economic, financial and investment conditions.

### Equity Securities

Each investment in an equity security is subject to the risks associated with the businesses in which the company is engaged, including market conditions, changes in regulatory requirements, general economic downturns, changes in commodity prices and other factors. Such conditions may result in a loss of value beyond the control of LCP.

### Debt Securities

LCP may invest in various types of debt securities, including obligations of varying maturities. The value of a debt security changes as interest rates rise or fall, with longer-term securities fluctuating in response to changes in interest rates more than shorter-term securities. A decline in interest rates usually results in an increase in the value of debt securities, while an increase in rates generally reduces their value. Consequently, the longer the maturity of a debt security, the greater the risk that interest rates will rise or fall, and thus the change in value will be larger than for a debt security with a shorter maturity.

### Concentrated Portfolios

Client investments may be heavily concentrated, at any time, in only a limited number of companies or industries. Poor performance by a single investment could substantially and adversely affect the overall performance of a client's portfolio.

### Private Funds

Investment in private funds is speculative and involves certain risks. Investing in private funds may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with such investments. Investors will not have recourse except with respect to the assets of the fund. Prospective investors should consider the following factors in evaluating the merits and suitability of an investment in a private fund.

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and do not offer or sell them to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Management fees for private funds typically include a base management fee along with a performance component. The primary risks of private funds include the following:

1. Private funds do not trade publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund during an initial lock-up period or before the fund closes.

2. Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in.

Most private funds offer their securities by providing a private offering memorandum or private placement memorandum. The offering memorandum covers important information for investors, and investors should review this document carefully and consider conducting additional due diligence before investing in the private fund.

## **ITEM 9 - DISCIPLINARY INFORMATION**

LCP and its personnel seek to maintain the highest level of business professionalism, integrity, and ethics. LCP does not have any disciplinary information to disclose.

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

### **Proprietary Private Funds**

LCP is the investment adviser and general partner of several limited partnerships (also “funds”). The funds are not publicly offered or traded. The funds are only available to “Accredited Investors,” as that term is defined by Rule 501 of the Securities Act of 1933. Private investment fund investors must also meet the financial requirements of Rule 205-3(b) of the Investment Advisers Act of 1940. Those regulations generally provide that LCP may only offer interests in the fund to certain institutions, certain organizations, certain trusts, or persons who meet stated income or net worth requirements. The private offering memorandum and subscription agreement (the “Offering Documents”) provide additional information on these standards. Prospective investors in these funds will receive Offering Documents. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, partnership interests in the fund. Such an offer can only occur when the prospective investor receives the Offering Documents.

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

### **Code of Ethics**

LCP believes that it owes clients the highest level of trust and fair dealing. As part of its fiduciary duty, LCP places the interests of its clients ahead of the interests of the Firm and its personnel. LCP’s personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in LCP’s Code of Ethics.

LCP’s Code of Ethics attempts to address specific conflicts of interest that either it has identified or that could likely arise. LCP’s personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable federal securities laws. LCP prohibits all personnel from acting upon any material, non-public information, as defined under federal securities laws and LCP’s Code of Ethics insider trading policy.

Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics.

LCP will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### Personal Trading Practices

LCP and its personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for the client accounts. This presents a potential conflict of interest, as LCP may have an incentive to take investment opportunities from clients for its own benefit, favor its personal trades over client transactions when allocating trades, or use the information about the transactions it intends to make for clients to its personal benefit by trading ahead of clients.

The Firm's policies to address these conflicts include the following:

1. Clients must receive the opportunity to act on an investment opportunity prior to and in preference to accounts of LCP and its personnel.
2. Conflicts of interest also may arise when LCP's personnel become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. LCP's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.
3. In addition, LCP's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in securities currently owned by LCP's clients, securities that the requesting employee is aware are being considered for purchase or sale by LCP's clients, or securities that are listed on LCP's target or restricted lists.
4. LCP's personnel must not time their own personal trades to precede orders placed for any client.
5. LCP requires its personnel to report personal securities transactions on a quarterly basis.

### Aggregation with Client Orders

As an investment adviser to individually managed accounts and private funds, LCP generally executes transactions for and allocate trades to each client on a fair and equitable basis, taking into consideration the make-up of the investment portfolio of each client and the amount of cash available. LCP may aggregate orders for its clients in the same securities in an effort to seek best execution, negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among clients. These are benefits of aggregating orders that LCP might not obtain if it placed those orders independently.

LCP may aggregate trades in like securities among clients as well as with accounts of LCP and its personnel, if it follows the policies described below. This presents a potential conflict of interest as LCP may have an incentive to allocate more favorable executions to its own accounts or the accounts of its personnel. The Firm's policies to address this conflict are as follows:

1. LCP will disclose its aggregation policies in this brochure;
2. LCP will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients. The trade also needs to be consistent with the terms of the investment advisory or limited partnership agreement with each client that has an account included in the aggregation;
3. LCP will not favor any account over any other account. This includes accounts of LCP or any of its personnel. Each account in the aggregated order will participate at the average share price for all LCP transactions in a given security on a given business day (per custodian). All accounts will pay their individual transaction costs;
4. When LCP personnel's personal security transactions are not aggregated with client transactions (i.e., excluded from the block transaction), LCP personnel are required to obtain pre-clearance from the Chief Compliance Officer (the "CCO") for their personal securities transactions. Once pre-clearance is granted, LCP personnel may transact in their own accounts (they may, however, be restricted to trading only after the block transaction is substantially completed);
5. Before entering an aggregated order, LCP will prepare a written statement (the "Allocation Statement") specifying the participating accounts and how it intends to allocate the order among those accounts;
6. If the aggregated order is filled entirely, LCP will allocate shares among its clients according to the Allocation Statement; if the order is partially filled, LCP will allocate on a percentage basis to each individually managed account and/or private fund participating in the transaction.
7. However, LCP may allocate the order differently than specified in the Allocation Statement if all its clients receive fair and equitable treatment. (See also *Item 12 – Brokerage Practices* below.) In this case, LCP will explain and the CCO must approve the reasons for a different allocation.
8. If an aggregated order is partially filled and LCP allocates it differently than the Allocation Statement specifies, no participating account may purchase or sell the security for a reasonable period following the execution of the block trade. This only applies when the participating account sells or receives more shares than it would have if the aggregated order had been completely filled;
9. LCP's books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account;
10. Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. Clients' cash and securities will not be held collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodian as soon as practical;
11. LCP does not receive additional compensation or remuneration of any kind as a result of aggregating orders; and
12. LCP will provide individual investment advice and treatment to each client's account.

## ITEM 12 - BROKERAGE PRACTICES

### Factors Considered in Selecting Broker-Dealers for Client Transactions

LCP has complete investment and brokerage discretion. LCP's overriding objective in effecting portfolio transactions is to seek to obtain the best combination of price and execution. In addition to brokerage commissions and transaction costs, LCP evaluates several factors when considering the broker-dealer(s) it selects. LCP will take into consideration the quality, comprehensiveness and frequency of available research

services and other services that it considers to be of value, access to shared ideas and a dedicated trading team, and the execution, clearance and settlement capabilities of a broker-dealer. LCP recognizes the value of these factors, and may select a broker-dealer that charges higher brokerage commissions than another broker-dealer might have charged for effecting the same transaction. LCP evaluates the reasonableness of brokerage commissions and the factors outlined above on an ongoing basis.

#### Research and Other Soft Dollar Benefits

LCP may use a broker-dealer because they provide it with research products or services. These research products and services may include both products and services generated internally by a broker's own research staff and products and services obtained by the broker from a third party research firm.

In addition to research products and services, broker-dealers may offer LCP other benefits that it may use in executing securities transactions on behalf of its clients. These benefits may take the form of access to computer software that relates to the investment decision-making process and nonmonetary benefits that may include special execution, clearance and settlement capabilities.

Research products or services provided by broker-dealers may be used in servicing any or all of LCP's clients. LCP may pay a broker commissions that are higher than another broker might have charged for the same transaction, in recognition of LCP's assessment of the value of the research and other services provided to LCP by the broker. However, LCP believes that commission charges are reasonable in relation to the overall services provided.

As part of its fiduciary duty to clients, LCP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence LCP's selection of the broker-dealers that it uses.

### **Aggregation and Allocation of Transactions**

As an investment adviser to private investment funds and individually managed accounts, LCP generally executes transactions and allocates trades on a pro rata basis to each client. LCP has developed policies and procedures that seek to ensure that no client is favored over any other client. See additional disclosures under *Item 11- Aggregation with Client Orders* above.

### **Directed Brokerage Transactions**

LCP is prepared to work with any broker-dealer that the client chooses. Clients who direct LCP to use a particular broker-dealer for all trading may pay higher commission charges. Under these circumstances, LCP may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. Clients should further understand that when they direct LCP to use a specific broker, disparity in transaction charges might exist between their costs and the transaction costs charged to other clients. LCP may not be able to aggregate orders to reduce transaction costs, and clients who direct LCP to use a particular broker-dealer may receive less favorable prices.

## **ITEM 13 - REVIEW OF ACCOUNTS**

LCP monitors the holdings of individually managed accounts and private investment funds daily. The investment team, including the Chief Investment Officer, performs reviews of individually managed accounts and private investment funds not less frequently than monthly. During such reviews, LCP evaluates factors such as the status of holdings and performance.

Annually, fund investors will receive audited financial statements and tax information required to complete U.S. federal and state income tax or information returns. Fund investors will also receive a quarterly report which includes an update on the performance and holdings of the fund. Investors in certain funds receive a quarterly unaudited statement of value which includes valuations, performance and applicable contributions/withdrawals. In addition, monthly reports may be made available upon the request of the investor.

Clients with individually managed accounts will receive a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. LCP may provide additional reporting upon request of the client.

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

LCP may compensate certain unaffiliated persons for the introduction of investors to its limited partnerships. The person making the introduction will disclose the nature of the relationship they have with LCP at the time of the introduction and disclose the terms and conditions of the arrangement between LCP and the unaffiliated person, including the compensation this person will receive from LCP.

LCP continues to compensate a solicitor for legacy business.

## **ITEM 15 - CUSTODY**

LCP has custody of the assets of two private funds. LCP is general partner of the funds, and LCP is the investment manager and has the ability to request funds from the custodian. LCP has put controls in place, in compliance with federal rules, to protect clients' assets in the funds. A qualified custodian holds the funds' assets. In addition, an independent accountant, registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board, audits the accounts each year, and LCP sends copies of the audited financial statements to all investors in the funds within 120 days after their respective fiscal Year-end. An independent accountant will also audit the funds upon liquidation.

LCP has limited custody of some of its individually managed account clients' funds or securities when the clients authorize LCP to deduct management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of LCP's fee.



Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from LCP as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact LCP at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify LCP.

## ITEM 16 - INVESTMENT DISCRETION

LCP has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for the client accounts. LCP is not required to contact clients before placing trades in their account, but clients with individually managed accounts will receive confirmations directly from the broker for any trades placed. Clients with individually managed accounts grant LCP discretionary authority in the contracts they sign with LCP and also give LCP trading authority within their accounts when they sign the custodian paperwork. Private fund investors should review the limited partnership agreements for the funds, which outline this authority.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

LCP may vote client securities (proxies) on behalf of its clients. LCP is responsible for voting the proxies issued on securities held in the private funds and individually managed accounts. LCP has adopted Proxy Voting Policies and Procedures in an effort to ensure that LCP casts votes in the best interests of its clients. These Proxy Voting Policies and Procedures are summarized as follows:

- LCP makes every effort to ensure that it votes shares in the best interests of clients and the value of their investments.
- Absent special circumstances, LCP's policy is to exercise proxy voting discretion according to written pre-determined proxy voting guidelines ("Proxy Voting Guidelines").
- LCP may, in some cases, vote a proxy contrary to its guidelines if it determines that such action is in the best interest of its clients. If LCP becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, LCP will promptly document the conflict and may handle the conflict in a number of ways depending on the type and materiality. The method selected by LCP will depend upon the facts and circumstances of each situation and the requirements of applicable laws and will always be handled in the client(s)' best interest.
- If LCP has a conflict of interest, it may contact a third-party specialist to advise LCP to determine the vote and/or provide voting recommendations.

At any time, clients may contact LCP to request information about how it voted proxies or to get a copy of its Proxy Voting Policies and Procedures.

## ITEM 18 - FINANCIAL INFORMATION

LCP does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.