

## Totem Point Management, LLC

45 Rockefeller Plaza, Suite 2500

New York, NY 10111

[www.totempoint.com](http://www.totempoint.com)

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Totem Point Management, LLC. If you have any questions about the contents of this Brochure, please contact us by phone at (212) 905-8646 or by e-mail at [steven@totempoint.com](mailto:steven@totempoint.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Totem Point Management, LLC or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Totem Point Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

There are no material changes to report since March 30, 2020, the date of Totem Point Management, LLC's most recent annual updating amendment to its Brochure. Nonetheless, clients are encouraged to read this document in its entirety.

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**Item 4. Advisory Business**

Totem Point Management, LLC (“we,” “us,” or “our”) is a Delaware limited liability company that was formed on March 27, 2013. We are principally owned by Neal Nathani (the “Managing Member”) and Darren Dinneen (the “COO”).

We provide discretionary investment advice to the following private funds (collectively, the “Flagship Fund”): (i) Totem Point Offshore Fund, Ltd. (the “Offshore Fund”), (ii) Totem Point Partners, LP (the “Onshore Fund”), and (iii) Totem Point Master Fund, Ltd. (the “Master Fund”). The Onshore Fund and the Offshore Fund are feeder funds that invest through the Master Fund. We also provide discretionary investment advice to Totem Point Raven Fund, LP (the “Raven Fund”) and Totem Point Falcon Opportunity Fund, LP (the “Falcon Fund,” and together with the Raven Fund and the Flagship Fund, the “Funds”). References throughout this document to “client” refer to the Funds as well as any investment vehicles that we may advise in the future.

Each Fund will be managed in accordance with its own investment and trading objectives, as described in their respective offering documents and governing agreements. We do not permit investors in the Funds to impose limitations on the investment activities described in such documents. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by that client. We negotiate such arrangements on a case-by-case basis. (See *Item 16 - Investment Discretion*)

Totem Point (GP), LLC (“Totem Point GP”) serves as the general partner to the Onshore Fund, the Raven Fund and the Falcon Fund.

We do not participate in wrap fee programs.

As of December 31, 2020, we managed \$309,446,149 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5. Fees and Compensation**

Our fees and compensation are described in our clients’ advisory contracts or governing agreements. All our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

The Funds pay us a quarterly asset-based fee (sometimes referred as a management fee) paid in advance. The fee is adjusted for contributions and withdrawals made during a quarter. We may, in our discretion, waive or reduce the fee for certain investors without notice to, or the consent of, other investors.

Totem Point GP is also entitled to receive performance-based allocations from the Funds, as further described in Item 6 – *Performance-Based Fees and Side-By-Side Management*.

The Funds will generally be obligated to pay certain expenses pertaining to them, which are described in detail in their respective advisory contracts or governing agreements. As applicable, these expenses may include, without limitation, the management fee, legal, compliance, audit and accounting expenses, fees and expenses related to various filings (or portions thereof) made in connection with managing the Funds’ portfolios (including, but not limited to, Section 13 filings, Section 16 filings and Form PF), organizational expenses, fees and expenses of the Funds’ administrator (the “Administrator”), shareholder proxy voting

services, investment expenses such as commissions, research fees and expenses, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, Fund-related insurance costs (including directors and officers and errors and omissions insurance costs, if any), the Onshore Fund's and Offshore Fund's *pro-rata* share of the Master Fund's administrative and other expenses, and any other expenses related to the purchase, sale or transmittal of Fund assets.

Certain investors in the Funds would also be subject to withdrawal fees, if withdrawals are made prior to the satisfaction of agreed-upon holding periods.

We also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

The expenses that would be charged to future clients would be determined on a case-by-case basis pursuant to their respective advisory contracts or governing agreements.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

#### **Item 6. Performance-Based Allocations and Side-By-Side Management**

##### *The Flagship Fund and Falcon Fund*

Totem Point GP is entitled to an annual performance-based allocation from the Flagship Fund and Falcon Fund. Such performance-based allocation is equal to a percentage of the capital appreciation as described in the relevant Fund's offering memorandum or governing documents. Such performance-based allocation is subject to a loss carryforward mechanism.

In the event that an investor withdraws capital (in whole or in part) from the Onshore Fund, the Offshore Fund, or the Falcon Fund other than at the end of a fiscal year, the deduction of the performance-based allocation will be made with respect to such investor as though it were being made at the end of a fiscal year.

We or our affiliates may, in our discretion, waive or reduce the performance-based allocation of the Flagship Fund or Falcon Fund with respect to one or more investors without notice to, or the consent of, the other investors.

##### *The Raven Fund*

Our compensation schedule with respect to the Raven Fund is contained in the Raven Fund's governing agreement. Generally, we are entitled to a performance-based allocation from the Raven Fund on an annual basis, subject to a loss carryforward provision.

##### *Side-by-Side Management*

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments.

In light of the foregoing, we have adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent such conflict from influencing the allocation of investment opportunities among our clients.

We seek to allocate investments among the Funds in a fair and equitable manner, taking into account a variety of factors, including, but not limited to: (i) each Fund's investment or risk restrictions or guidelines (including with respect to concentration), (ii) legal, regulatory and tax considerations, (iii) relative amounts of capital available for new investments, (iv) minimum participation thresholds we deem appropriate, (v) the overall portfolio composition of each Fund, (vi) liquidity, (vii) the desire to avoid *de minimis* allocations and odd lots, and (viii) rebalancing to account for inflows and outflows of capital.

Currently, the Flagship Fund and the Raven Fund pursue a long-short equity strategy and the Falcon Fund pursues a long-only equity strategy. Our general policy is to trade the Flagship Fund and Raven Fund portfolios on a *pari passu* basis. However, allocations between the Flagship Fund and Raven Fund may be made on a different basis for a number of factors, including, but not limited to those set forth above.

Generally, the Falcon Fund's investment opportunities are drawn predominantly from the portfolios of the Flagship Fund and the Raven Fund, and it is therefore expected that there will be some overlap in their long positions. For any given name, however, the allocation and sizing of positions between the Flagship and Raven Funds and the Falcon Fund will likely depend on a variety of factors, including, but not limited to those set forth above. In addition, the timing of a sale or disposition of a long position may differ between the Flagship and Raven Fund and the Falcon Fund due to a number of reasons, including one or more of the above factors.

In addition, because our management fees and performance-based compensation from the Funds are generally based on the net asset values, we have a conflict of interest in valuing the assets held by the Funds. To mitigate this conflict, we will follow our documented valuation policies and periodically consult with auditors and the Administrator.

#### **Item 7. Types of Clients**

Investors in the Funds are generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended), and, if subject to performance-based compensation, "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended). The minimum initial investment in the Flagship Fund, Falcon Fund and Raven Fund is generally \$1,000,000, \$5,000,000 and \$100,000 respectively. We may waive such minimum for any Fund under certain circumstances.

If we determine to require a minimum investment for any future client, we will make that determination on a case by case basis.

**Item 8. Methods of Analysis, Investment Strategies and Risk of Loss***Methods of Analysis and Investment Strategies Generally**The Flagship Fund and Raven Fund**Investment Objective*

The principal objective of the Flagship Fund and Raven Fund is to seek superior returns by making concentrated, long-term investments, generally in North American mid-capitalization companies. They intend to accomplish this by employing a fundamental, research-intensive approach and a proven, repeatable investment process.

*Investment Strategy*

We will seek to identify mid-capitalization long and short opportunities in industries which we believe are undergoing disruption, innovation or disintermediation. By gaining a deep understanding of these themes at the industry level, we believe we can unearth pockets of investment opportunity that can reap uncorrelated returns over a multi-year period. Driving our research process is an intense focus on identifying these themes early and understanding which companies are positioned to grow or decline as a result.

To identify industry themes and source investment ideas, we will pursue an in-the-field, immersive approach to research. The emphasis of this approach is on organic, proprietary due diligence and includes attending trade shows, product demonstrations, research forums, company on-sites, venture capital events as well as various conferences. Once themes or ideas are identified, we will utilize a broad range of techniques to develop the industry level context including conducting customer or user surveys, trialing products and services, and consulting with a network of experts across industries. We then analyze the industry's value drivers, unit economics, supply and demand constraints and competitive dynamics to zero-in on the companies best positioned to grow or decline over the next one to three years. For these companies, a rigorous financial analysis is completed as part of a formal recommendation process.

Ideally, our research process uncovers multiple long-term investment opportunities resulting from the disruption, innovation or intermediation in a given industry. The core long positions of the Flagship Fund and the Raven Fund will typically be those companies we believe will emerge as winners from the disruption, innovation, or disintermediation affecting their industries. Historically, core longs have been the beneficiaries of changes in industry structure, shifts in consumer behavior, or the entrance of a technologically innovative or disruptive product or business model. We believe they are generally superior companies in growing industries and are either taking market share from incumbents or demonstrating a sustainable competitive advantage. In our experience, the market is often slow to appreciate the changing competitive dynamics in an evolving industry.

The core short positions of the Flagship Fund and the Raven Fund will typically be weaker companies, in our opinion, in or related to industries facing secular challenges such as product disintermediation or eventual obsolescence. Historically, core shorts have arisen from "old world" industries where producers or suppliers fail to innovate or diversify. Changes in industry structure, shifts in consumer behavior, and the introduction of a lower cost technology or improved business model are all situations that tend to erode value for poorly positioned companies. We have found that the market often underestimates the rate of decline in such situations.

We intend to pursue the investment strategy described above as long as such strategy is in accordance with the investment objectives of the Flagship Fund and the Raven Fund. In addition, we may also formulate and implement new strategies to carry out the investment objectives of the Flagship Fund and the Raven Fund.

The investments of the Flagship Fund and the Raven Fund may at any time include long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies. The Flagship Fund and Raven Fund may also invest in new issues of securities.

### The Falcon Fund

#### *Investment Objective*

The Falcon Fund's investment objective is to seek superior absolute returns by investing in a thematic, highly concentrated portfolio of equities in technology-related sectors. The portfolio will be long only and will include primarily small and mid-capitalization companies we believe are well positioned to benefit from specific technology trends.

#### *Investment Strategy*

We will utilize our significant experience investing in technology companies to make concentrated investments, typically businesses that are poised to take share in evolving markets. To identify these businesses, we will engage in intensive research across numerous technological trends before focusing on the handful of investment trends or themes we believe most compelling.

We will focus most intently on technology trends still early in their life cycle. By gaining a deeper understanding of emerging technologies and innovations, we will aim to unearth opportunities less followed by other market participants.

A potential corollary benefit of our strategy is the opportunity to identify attractive merger and acquisition targets. Small to mid-sized technology companies that are growing in market share and disrupting old world industries are assets that are very much in demand. While the merger and acquisition environment can change, our strategy will incorporate a focus on identifying strategic technology assets.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

#### *Risk Factors*

Our investment strategy involves significant risks. A discussion of the material risks is provided below. Prospective investors and clients are strongly urged to review the applicable offering memorandum or other governing documents carefully and consult with their own financial, legal and tax advisers before investing with us.



*Risk Factors Applicable to the Funds Generally*

*Nature of Investments.* Generally, investments will consist of North American equity securities and other assets that may be affected, among other things, by business, financial market or legal uncertainties. There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of their investments. In addition, the value of the Funds' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objectives will be achieved.

*Equity-Related Instruments in General.* Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

*Non-U.S. Securities.* Investments outside the United States will generally constitute approximately 20% of the Flagship Fund and Raven Fund portfolios (as measured at time of acquisition). Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

*Options.* The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty credit and solvency risk.

*Derivatives.* To the extent that the Funds invest in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Funds may take a credit risk with regard to parties with whom they trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange traded transactions that generally are backed by clearing organization guarantees, daily marking-to market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Funds, and hence the Funds should not be exposed to a credit risk with regard to such parties. However,

it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

*Medium Capitalization Companies.* The Funds will generally invest their assets in the stock of companies with medium-sized market capitalizations within the Funds' liquidity parameters. While we believe these investments often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

*Lack of Diversification.* The Funds' portfolios may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the Funds' portfolios may not necessarily be diversified among a wide range of issuers. Accordingly, the Funds' portfolios may be subject to more rapid change in value than would be the case if the Funds were required to maintain a wide diversification among companies or industry groups.

*Special Situations.* The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing workouts, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investments in such companies.

*Counterparty Risk.* To the extent the Funds invest in swaps, "synthetic" or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Funds take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. The Funds will seek to mitigate these risks.

*Currency Risks.* The Funds' investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Funds will generally attempt to hedge such risks on a case-by-case basis.

*Interest Rate Risk.* Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk

will be greater for long-term securities than for short-term securities. We may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that we will be successful in fully mitigating the impact of interest rate changes.

*Lack of Liquidity of Partnership Investments/Restricted or Non-Marketable Securities.* Notwithstanding the withdrawal terms of the Funds, assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

*Operational and Information Security Risk from Cyberattacks.* We, our clients and our respective service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting us or our service providers may adversely impact our clients. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate client accounts' net asset value, cause the release of private investor information or other confidential information, impede trading, subject us, our clients and our respective service providers to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for our clients, and may cause our clients' investments to lose value. Client accounts and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

*Risk Factors Applicable only to the Flagship Fund and Raven Fund*

*Use of Leverage.* Leverage results in the Flagship Fund and the Raven Fund controlling substantially more assets than they each have in equity. Leverage increases returns if the Flagship Fund or Raven Fund earns a greater return on investments purchased with borrowed funds than the Flagship Fund or Raven Fund's cost of borrowing such capital. However, the use of leverage exposes the Flagship Fund and the Raven Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Flagship Funds and Raven Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Flagship Fund or Raven Fund's costs of borrowing such funds. In the event of a sudden, precipitous drop in asset value, the Flagship Fund and Raven Fund might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying their losses.

*Portfolio Illiquidity.* Up to 5% of each of the Flagship Fund and the Raven Fund (at cost) may be invested in illiquid, private securities. There may be no market for unlisted securities traded by the Flagship Fund and the Raven Fund. Further, the sale of any such investments may be possible only at substantial discounts and such investments may be extremely difficult to value.

*Short Sales.* The Flagship Fund and the Raven Fund may establish short positions in indices, exchange-traded funds, common stock and other securities. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Flagship Fund and Raven Fund portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Convergence Risk.* The Flagship Fund and Raven Fund may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mis-pricings underlying the trading positions of the Flagship Fund and the Raven Fund were to fail to converge toward, or were to diverge further from, our expectations, the Flagship Fund and Raven Fund may incur losses.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or our management.

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

As noted above, Totem Point GP serves as the general partner to the Onshore Fund, the Raven Fund and the Falcon Fund.

The management of multiple pooled investment vehicles results in a potential conflict of interests when we and our related persons allocate time and investment opportunities among such vehicles. For example, our Managing Member and/or other related persons have a greater portion of their personal assets invested in certain of our client accounts than in others. In addition, the compensation we and our affiliates earn from each client account is expected to differ from the compensation earned from other client accounts. In order to mitigate associated conflicts, we will generally follow documented procedures in allocating investment opportunities among our clients. (*See Item 6 – Performance-Based Fees and Side-By-Side Management*)

Subject to applicable law, we may effect transactions among client accounts (including the Funds) in which one client account will purchase securities from or sell or participate in securities to another client account (including client accounts in which we or our related persons may have a significant interest). In order to mitigate any associated conflicts of interests, we effect such transactions only when we believe that such transactions are in the best interests of each of the applicable clients. In the event that a client account purchases securities from, or sells securities to, another client account, such transactions will be done through third-party broker-dealers or other institutions and will generally be effected for cash consideration at the closing price of the particular security on such day. No brokerage commission or transfer fee will be paid to us or our related persons in connection with any such transaction.

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

##### *Code of Ethics Overview*

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition,

our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. Upon request we will provide a copy of our Code of Ethics to any client or prospective client.

#### *Personal Trading Policy*

Employees are generally prohibited from engaging in personal trading, but are able to transact in (i) municipal bonds, exchange-traded funds and closed-end mutual funds without obtaining prior approval from the Chief Compliance Officer (the “CCO”), and (ii) private investments (e.g., hedge funds) after obtaining prior approval from the CCO. Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Prohibitions relating to personal trading also generally apply to an employee’s spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

#### *Participation or Interest in Client Transactions*

We make available to qualified prospective investors the opportunity to invest in the Funds. Our Managing Member, employees and/or other related persons have significant personal investments in the Funds. In addition, we and our affiliates are entitled to receive performance-based compensation from our clients.

We do not currently expect to engage in principal transactions. We will not do so unless we receive prior client consent and such transaction complies with applicable law.

### **Item 12. Brokerage Practices**

#### *Selection of Brokers*

We have an obligation to seek to obtain “best execution” for our clients with respect to their trading activity. While not defined by statute or regulation, “best execution” generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of client transactions, taking into account the following factors: (i) the ability to achieve prompt and reliable executions, (ii) access to securities, (iii) the financial stability and reputation of the broker, (iv) the quality, comprehensiveness, frequency of available research and related services considered to be of value to the Funds, and (v) the competitiveness of commission rates compared to other brokers satisfying our other selection criteria.

On a quarterly basis, our CCO conducts spot checks of historical execution prices against electronic pricing service data in the relevant market and runs times and sales reports to confirm that brokers are obtaining market prices. Our Managing Member and CCO meet on an annual basis to evaluate, among other things, the execution that we receive from broker-dealers. Such evaluation will include, among other things, a review of any excessive gifts or entertainment provided by a broker during the annual period being reviewed, and relevant familial relationships between our employees and employees of brokers (if any).

*Research and Other Soft Dollar Benefits*

We have entered into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements create a potential incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution. Further, soft dollar arrangements pose a possible conflict of interest for us in that such arrangements potentially allow us to pay with client commissions expenses that would otherwise be borne by us.

When engaging in soft dollar transactions, we comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all clients and not exclusively in connection with the management of the clients that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

We also execute securities transactions on behalf of the Funds with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business that we direct to such broker-dealers.

During our last fiscal year, we acquired with client brokerage commissions (or markups or markdowns): (i) research, such as proprietary research from brokers, (ii) research services, such as consultation with industry consultants concerning specific companies, industries or sectors, (iii) financial database software and services, and (iv) computerized news.

*Brokerage for Client Referrals*

Subject to applicable law, we direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

*Trade Errors*

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will reimburse each client account for net losses resulting from trade errors only in accordance with the terms of such client's offering documents or governing agreements.

*Aggregation of Orders*

Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client account is capable of purchasing or selling a particular security.

We will aggregate all orders for the Flagship Fund and Raven Fund. We will execute trades for the Flagship Fund and Raven Fund first when they and the Falcon Fund trade the same security at the same time as determined on a case-by-case basis. To the extent an aggregated order is only partially filled, we will allocate the investment opportunity or partially filled order on a fair and equitable basis based on the allocation criteria described in *Item 6* above.

Each Fund that participates in an aggregated order will participate at the average price for all of our transactions in that security on a given business day, with transaction costs shared *pro-rata* based on each Fund's participation in the transaction.

**Item 13. Review of Accounts***Review of Accounts*

The Managing Member will be primarily responsible for ensuring that the securities (or other financial instruments) held by each Fund are consistent with the guidelines set forth in its offering documents or governing agreements. In addition, the CCO and COO will periodically review each Fund's portfolio holdings to determine that the securities (and other financial instruments) held by the Fund remain consistent with its investment objectives and guidelines.

*Reporting*

In addition to the information and reports described below, investors or clients may be provided with information (including position-level information) about us and the Funds in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other investors/clients and prospective investors/clients who do not request such information. Each investor and client is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

We furnish investors in the Funds with monthly unaudited reporting regarding the Funds' performance and other statistics and quarterly investor letters. In addition, on an annual basis, we provide investors with a copy of the Funds' annual audited financial statements and a statement of taxable income (Schedule K-1).



**Item 14. Client Referrals and Other Compensation**

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to our clients.

We use a third party for investor referrals. We pay such third party a fee for successful investor referrals, which is equal to a percentage of the management fee and performance compensation of each referred investor. This fee is not borne by the Funds or any referred investor.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) each Fund is audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) each Fund’s audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

**Item 16. Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in their respective offering documents and governing agreements. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by that client. We negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

We generally have voting discretion over securities held in our clients’ accounts and clients are not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In general, we will vote routine matters in accordance with the recommendation of the company’s management. Routine matters are typically proposed by management (*i.e.*, a company’s management, directors, general partners, managing members or trustees) under circumstances where there is not a proxy contest involving such matters. Routine matters generally meet the following criteria: (i) they do not measurably change the structure, management, control or operation of the company; (ii) they do not measurably change the terms of, or fees or expenses associated with, an investment in the company; and (iii) they are consistent with customary industry standards and practices. Any decision to the contrary will be documented in writing.

For non-routine matters when determining whether a specific proposal is in the best interests of a Fund, we may take into account, among other things, (i) the impact on the value of the securities, (ii) the anticipated costs and benefits associated with the proposal, (iii) the effect on liquidity, and (iv) customary industry and business practices. If we deem that the issue being voted upon is not material for the Funds or we determine that the cost of voting a proxy would exceed the expected benefit to the Funds, we will not be obligated to vote on such matter.



Upon request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18. Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Form ADV, Part 2A.

**Item 19. Requirements for State-Registered Advisers**

We are not a state-registered adviser.