

## **Atalan Capital Partners, LP**

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This brochure provides information about the qualifications and business practices of Atalan Capital Partners, LP. If you have any questions about the contents of this brochure, please contact us at 212-672-3380 or by email at [bschrubbe@atalancap.com](mailto:bschrubbe@atalancap.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Atalan Capital Partners, LP is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

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Since its last annual updating amendment on March 27, 2020, the Firm has updated information related to its proxy voting process in Item 17.

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**Item 4 - Advisory Business**

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Atalan Capital Partners, LP (“Atalan” or the “Firm”) is an investment adviser with its principal place of business in New York, New York. Atalan is a limited partnership that was formed in December 2014, under the laws of the State of Delaware. Atalan is owned and controlled by Atalan Capital Partners (GP), LLC, a Delaware limited liability company. David R. Thomas is the Managing Member of Atalan Capital Partners (GP), LLC.

Atalan offers investment advisory services on a discretionary basis to private funds (“Funds”) that are intended for sophisticated investors. The Funds are offered in a master-feeder structure. Atalan Partners, LP (the “Domestic Fund”), a Delaware limited partnership, and Atalan Offshore Fund, Ltd. (the “Offshore Fund” and, together with the Domestic Fund, the “Feeder Funds” and each individually a “Fund”), a Cayman Islands exempted company invest their capital in Atalan Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”). The Funds are managed in accordance with their own objectives and are not tailored to any particular private fund investor (each an “Investor”).

As of December 31, 2020, the Firm managed \$2,024,599,849 in regulatory assets under management (“RAUM”) all on a discretionary basis.

**Item 5 - Fees and Compensation**

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*Management Fees*

As the investment adviser to the Funds, Atalan receives management fees at an annual rate of between 0.50% and 1.50%, depending upon the net asset value of the Master Fund and each particular series an Investor subscribed for of the Feeder Funds. These management fees are deducted from the Master Fund quarterly, in advance, and are prorated for any investment period that is less than a full calendar quarter. The management fees are refundable if the advisory contract is cancelled prior to the end of a payment period.

While the management fee is generally not negotiable, Atalan may waive or modify the fee for certain Investors that are members, employees or affiliates of Atalan, relatives of such persons, or for certain large or strategic Investors.

*Other Agreements*

The Firm has entered into agreements with certain prospective or existing Investors whereby such Investors are subject to terms and conditions that are more advantageous than those set forth in the offering memorandum, and the Firm may enter into additional agreements in the future. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles or managed accounts; special redemption rights relating to frequency, notice or the reduction of redemption fees; the right to bear reduced rates of the incentive allocation and/or management fee; rights to receive reports from the Funds on a more frequent basis or that include information not provided to other investors and other rights as may be negotiated by the Firm and such Investors. The modifications are solely at the discretion of the Firm and may, among other things, be based on the size of an Investor’s investment, an agreement by an Investor to maintain such investment for a significant period of time, or other similar commitment by an Investor.

*Other Expenses*

Atalan renders its services to the Funds at its own expense and is responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance and payroll taxes.

All other expenses are borne by the Funds and include: Fund legal, compliance (including expenses relating to compliance or regulatory filings, including Form PF, Section 13 and Section 16 filings made with respect to the Funds' assets); administrator, audit and accounting expenses (including third-party accounting services and accounting software); fees and expenses of Fund directors (as applicable), organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related travel, Bloomberg and similar subscriptions and data services); trading-related technology software costs deemed by the Firm to benefit the Funds such as portfolio; order and risk management systems; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs (including D&O and E&O costs for the Firm or its affiliated general partner); and any other expenses related to the purchase, sale or transmittal of Funds' assets.

If Atalan incurs any of the expenses mentioned above on behalf of the Funds, then the Firm will allocate such expenses among the Funds in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as Atalan considers fair and reasonable.

For a more detailed discussion of brokerage and transaction costs, Investors are directed to "Item 12: Brokerage Practices."

**Item 6 - Performance Fees**

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At the end of each fiscal year or at the time of withdrawal of an Investor, Atalan GP, LLC (an affiliate of Atalan) receives an annual incentive allocation between 15% and 20% of the net profits attributable to each Investor's account, if any, depending on the particular series of each Investor. The incentive allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Notwithstanding the foregoing, the Firm has implemented a long-term partnership recognition program (the "LPR"). Under the LPR, the annual incentive allocation shall be reduced for each Investor, by 100 basis points as of the first day of the calendar month following each of the four-year, seven-year, and nine-year anniversary from the date of subscription to a Fund. For the avoidance of doubt, in the event that the annual incentive allocation is reduced at any time other than at the end of the fiscal year, such Investor shall be charged a blended incentive allocation for such year.

Atalan GP, LLC may waive or modify the incentive allocation for certain Investors that are members, employees or affiliates of Atalan, relatives of such persons, and for certain large or strategic Investors.

Because all Fund assets are managed in the Master Fund, there are no side-by-side conflict of interest issues, such as allocation decisions which may be impacted by performance-based fee differentials.

Performance fees may cause the Firm to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since performance fees are calculated on the basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

For a more detailed discussion on incentive allocations, please see the relevant Fund's offering memorandum.

### **Item 7 - Types of Clients**

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Atalan provides investment advice to the Funds. Each Fund's offering memorandum and subscription documents provide the eligibility criteria and minimum investment requirements. Initial and additional subscription minimums are disclosed in the offering memorandum for each Fund, which may be waived at the discretion of the Firm.

In general, each Investor in the Funds must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940.

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

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#### *Investment Strategy*

Atalan's investment objective is to preserve and grow capital at superior rates of return over the course of various market cycles while seeking to minimize the risk of capital impairment. Atalan seeks to identify long and short investments primarily in equity and debt securities issued by U.S. and non-U.S. publicly-traded companies as well as opportunistic investments in other liquid asset classes. In seeking to achieve the investment objective, Atalan employs a research-intensive, fundamentally-oriented, value-driven strategy and seeks to build a highly-liquid portfolio of investments with a concentrated approach to long and short investment selection.

While Atalan invests primarily in global equity, equity-related securities and debt securities, the Firm has broad and flexible investment authority to afford it the best possible tools to protect capital and drive returns. Accordingly, Fund investments may at any time include, without limitation, long or short positions in U.S. and non-U.S. publicly-traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate and structured debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps, options (purchased or written), futures contracts, reinsurance contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies. The Funds also employ leverage through borrowings and the use of derivative instruments.

#### *Risk of Loss*

The Funds may be deemed to be a highly speculative investment and are designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment

and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment in the Funds. The list of risks below does not purport to be an exhaustive list of the risks relating to an investment in the Funds.

*Nature of Investments.* Atalan has broad discretion in making investments for the Funds. Investments will generally consist of equity securities, equity-related securities, debt securities and other assets that may be affected 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 investments. In addition, the value of the Funds' portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

*Leverage.* The Funds utilize leverage which could result in the Funds controlling more assets than the Funds have equity. Leverage increases the Fund's returns if the Funds earn a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds 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 Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Fund's assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, Atalan may find it difficult or impossible to obtain leverage for the Funds. In such event, the Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Atalan being forced to unwind the Fund's positions quickly and at prices below what Atalan deems to be fair value for such positions.

*Interest Rate Risk.* The Funds' portfolio may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

*Short Sales.* Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolio. 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. There is also the risk that the securities borrowed by the Funds in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The Fund's inability to continue to borrow securities previously sold short may also force

the Funds to unwind other elements of an investment position, possibly at a loss. From time to time regulatory or legislative action taken by U.S. or Non-U.S. regulators may restrict the ability of the Funds to engage in short selling, which could impact that Fund's ability to carry out its investment program.

*Counterparty Risk.* To the extent that the Funds invest in swaps, synthetic or derivative instruments, repurchase agreements, forward contracts, 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 mark-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.

Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

*Options.* The purchase or sale of an option (including an over-the-counter 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 solvency risk.

*Special Situation Investments.* Atalan may invest on behalf of the Funds in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, 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 to the client 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,



we may be required to sell the investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which we may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

*Concentrated Portfolio.* The Funds will have a concentrated portfolio and Atalan's objective is to invest its capital in those situations which the Firm believes will offer the greatest risk-adjusted returns. Accordingly, the Funds may from time to time hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on the Funds capital.

*High Growth-Industry Related Risks.* The Firm may invest a portion of the Funds' assets in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

*Small to Medium Capitalization Companies.* Atalan may invest a portion of the Funds' assets in the stocks of companies with small- to medium-sized market capitalizations. While the Firm believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization 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.

*Non-U.S. Securities.* 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, 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 elsewhere) or changed circumstances in dealings between nations, 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. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than the United States.

*Hedging Transactions.* The Funds may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for both risk management and general investment and speculation purposes. With respect to the Fund's risk management and hedging transactions, there can be no assurances that a particular hedge is

appropriate, or that a certain risk is measured properly. Further, while the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Funds than if it did not engage in any such hedging transactions. Moreover, the Funds will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of its positions.

*Currency Risk.* The investments of the Funds that are denominated in non-U.S. currencies 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. From time to time, Atalan may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The Funds may also invest in currencies for speculative purposes.

*Business and Regulatory Risks.* The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of investments held by the Funds and the ability of the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and adverse.

*Cybersecurity Breaches and Identity Theft.* The information and technology systems of the Firm and of key service providers may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Firm to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Firm or the Funds and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Business Continuity and Disaster Recovery Risks.*

The Firm's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks, pandemic outbreak or other circumstances resulting in property damage, network/operations interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm's operations, employees and Funds.

**Item 9 - Disciplinary Information**

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Neither Atalan nor any of Atalan's management personnel are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, and neither has Atalan nor any of our management personnel been subject to any material administrative proceeding before the SEC or any other state, federal or foreign financial regulatory authority.

**Item 10 - Other Financial Industry Activities and Affiliations**

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The Firm's affiliate, Atalan GP, LLC (the "General Partner"), serves as the general partner of each of the Master Fund and the Domestic Fund.

*Strategic Investor*

The Firm and the General Partner have entered into an agreement with a strategic investor (the "Strategic Investor"), pursuant to which the Strategic Investor will receive a share of the management fee and incentive allocation that would otherwise be earned by the Firm and the General Partner. In addition, the Strategic Investor is entitled to certain additional rights that differ from those available to other investors, including, without limitation, certain consent rights, certain preferential withdrawal rights, portions of its investment being subject to reduced fees and incentives, additional capacity rights, certain notice / information reporting rights, and certain other preferential rights. Because of the rights described above, the Strategic Investor may take different action than the other Investors.

**Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading**

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*Code of Ethics Pursuant to Rule 204A-1 of Advisers Act*

Atalan has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1. Rule 204A-1 requires the Firm to establish, maintain and enforce a written code of ethics that (i) sets the standard of business conduct that the Firm requires of its employees (ii) requires employees to comply with applicable federal securities laws, and (iii) contains provisions regulating personal securities transactions by employees. Atalan will provide a copy of the Code to any Investor or prospective Investor upon request.

The Code governs personal trading activities by Atalan's employees and their immediate family members living in the same household. The Code requires employees to report all personal trades on at least a quarterly basis and provide initial and annual holdings reports to the CCO. Employees generally are prohibited from engaging in trading single name securities in any personal account. Employees may be permitted to invest in certain securities subject to pre-clearance by the CCO.

In addition to restrictions on personal trading, Atalan also maintains policies and procedures that address and place limits on the giving and receiving of gifts and entertainment, the making of political contributions, service on outside boards of directors and other outside business activities. Employees are required to certify to their compliance with the Code on a periodic basis.

Atalan also maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Employees are required to certify their compliance with Atalan's insider trading policies and procedures on a periodic basis.

**Item 12 - Brokerage Practices**

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Atalan has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. In selecting a broker-dealer to execute transactions for the Funds, Atalan seeks to obtain the best execution for which may take into account a number of the following factors, among others: price, timeliness of execution, the availability of financing, the financial stability and reputation of a broker, the value of research, brokerage and other services provided, the responsiveness of a broker-dealer, a broker-dealer's financial resources, counterparty credit risk, and access to liquidity for certain less liquid products.

*Soft Dollars*

Atalan engages in 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 could pose a conflict of interest for Atalan in that such arrangements would allow Atalan to pay with Fund commissions expenses that would otherwise be borne by Atalan. If Atalan uses brokerage commissions (or markups or markdowns) to obtain research or other products or services, it would receive a benefit because it would not have to produce or pay for the research, products or services. Atalan may have an incentive to select a broker based on Atalan's interest in receiving the research or other products or services offered by such broker, rather than on the Funds' interests in receiving most favorable execution.

To the extent that it engages in soft dollar transactions, Atalan complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for the Funds, and, subject to its duty to obtain best execution, Atalan may consider the value of research and brokerage products and services provided by such brokers. Research may include, among other things, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. Accordingly, if Atalan determines 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 Fund 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 Funds and not exclusively in connection with the management of the Funds that generated the particular soft dollar credits.

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

#### *Aggregation*

Atalan currently conducts all trades in the Master Fund. However, in the future, if Atalan were to provide advisory services to multiple fund structures or clients, the policy will be to generally aggregate orders for the same security unless aggregation is not consistent with the Firm's duty to seek best execution and the terms of the investment guidelines and restrictions of each account for which trades are being aggregated. Aggregation opportunities would generally arise when more than one account is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. When aggregating trades, no account will be favored over any other account. Any account that participates in an aggregated order will participate at the average price for all of Atalan's transactions in that security on a given business day, with transaction costs shared pro rata, based on each account's participation in the transaction.

#### **Item 13 - Review of Accounts**

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The portfolios of the Funds are reviewed on a continual basis by the Managing Member to assure conformity with investment objectives and guidelines. Atalan actively manages the Funds and accordingly reviews the transactions, positions and cash balances on a daily basis.

Atalan utilizes an independent administrator to send monthly account statements to Fund Investors. Investors also receive independently audited financial statements on an annual basis.

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

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Atalan does not utilize any third-party marketers or solicitors at this time.

#### **Item 15 - Custody**

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For purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Custody Rule"), Atalan is deemed to have custody over the Funds' assets. In accordance with the Custody Rule, a qualified custodian will not be required to deliver quarterly account statements to the Funds or their respective Investors as long as (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) Atalan delivers such annual audited financial statements to Investors within 120 days after the end of each Fund's fiscal year.

#### **Item 16 - Investment Discretion**

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Atalan has discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and

the commission rates to be paid. Any limitations on authority are included in each Fund's governing documents and/or offering documents, as applicable.

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**Item 17 - Voting Client Securities**

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In compliance with Advisers Act Rule 206(4)-6, Atalan has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives. Except for in certain corporate actions, the Firm relies on Glass Lewis & Co. ("GL") for proxy advisory recommendations. Atalan may depart from the recommendations of GL depending on the facts and circumstances, including, for instance, due to GL being subject to any conflicts of interests.

If Atalan were to depart from the recommendations of GL, the Firm would take into account all relevant factors, as determined by its discretion, including, without limitation: the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities; the anticipated associated costs and benefits; the continued or increased availability of portfolio information; and industry and business practices.

In limited circumstances, the Atalan may refrain from voting Proxies where it believes that voting would not be in the best interests of the Funds, taking into consideration the cost of voting the Proxies and the anticipated benefit to the Funds. Generally, the Funds and Investors may not direct a Proxy in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and Atalan or its affiliates on the other hand. Atalan believes, however, that GL, as a third-party, should help reduce the number of conflicts that may arise. If the Firm determines that it may have, or be perceived to have, a conflict of interest when voting Proxies, Atalan will vote in accordance with its Proxy voting policies and procedures.

Investors may request a copy of Atalan's proxy voting policies, as well as relevant proxy voting records, by contacting the CCO.

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**Item 18 - Financial Information**

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Atalan has no financial commitment that impairs the Firm's ability to meet contractual and fiduciary commitments to the Funds or Investors, and Atalan has not been the subject of a bankruptcy proceeding.