

# Washington Harbour Partners, LP

1201 Wilson Boulevard  
Arlington, VA  
(202) 891-6200

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This Brochure provides information about the qualifications and business practices of Washington Harbour Partners, LP (“**Washington Harbour**”, the “**Firm**”, or the “**Investment Manager**”). If you have any questions about the contents of this Brochure, please contact Scott Barnes, Washington Harbour’s Chief Compliance Officer (“**CCO**”) at (202) 891-6202 or [sbarnes@washingtonharbour.com](mailto:sbarnes@washingtonharbour.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.

Registration of an investment adviser does not imply any level of skill or training. Additional information about Washington Harbour also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any reference to Washington Harbour Partners, LP as a “registered investment adviser” or as being “registered” does not imply a certain level of skill or training.

**Item 2: Material Changes**

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There have been no material changes to this Brochure since Washington Harbour's Annual Updating Amendment filing in March 2021.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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Washington Harbour Partners, LP (“**Washington Harbour**”, the “**Firm**” or the “**Investment Manager**”) is a Delaware limited partnership that was formed in April 2019. The general partner of Washington Harbour is Washington Harbour Management GP LLC. Mina Faltas (the “**Principal**”) is the managing member and principal owner of Washington Harbour Management GP LLC.

Washington Harbour provides investment advisory services to two private funds via master-feeder structures:

- Washington Harbour Capital, LP (the “**Domestic Fund**”), a Delaware limited partnership, and Washington Harbour Capital Offshore Fund, Ltd. (the “**Offshore Fund**”), a Cayman Islands limited company together with the Domestic Fund, the “**Feeder Funds**”, invest substantially all of their assets in Washington Harbour Capital Master Fund, LP (the “**Master Fund**”), a Cayman Islands exempted limited partnership; and
- Washington Harbour Capital Long Only, LP (the “**Long Only Domestic Fund**”), a Delaware limited partnership, and Washington Harbour Capital Long Only Offshore Fund, Ltd. (“**Long Only Offshore Fund**”), a Cayman Islands limited company together with the Long Only Domestic Fund, the “**Long Only Feeder Funds**”, invest substantially all of their assets in Washington Harbour Capital Long Only Master Fund, LP (the “**Long Only Master Fund**”), a Cayman Islands exempted limited partnership.

Unless otherwise specified, the Domestic Fund, the Long Only Domestic Fund, the Offshore Fund, the Long Only Offshore Fund, the Master Fund and the Long only Master Fund are each referred to as a “**Fund**” and collectively, as the “**Funds**”.

The Domestic Fund and Long Only Domestic Fund are collectively referred to hereinafter as the “**Domestic Funds**”, the Offshore Fund and Long Only Offshore Fund are collectively referred to hereinafter as the “**Offshore Funds**” and the Master Fund and Long Only Master Fund are collectively referred to hereinafter as the “**Master Funds**”.

Other than investments in non-exchange traded equity securities (e.g., PIPEs and JOBS Act Offerings), the Master Funds will not invest in private companies.

Washington Harbour also advises multiple single holding special purpose entities or special purpose vehicles.

Washington Harbour manages the Funds pursuant to investment guidelines set forth in the relevant governing and offering documents of the Funds, including any limited partnership agreement, investment management agreement, private placement memorandum and/or subscription agreement (each an “**Offering Document**”, and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Funds, including a description of the investment objective and strategy or strategies employed by the Funds and related restrictions that serve as a limitation on Washington Harbour’s advice or management.

Washington Harbour will not tailor its advisory services to the individual investors in the Funds (each an “**Investor**” and collectively the “**Investors**”), or provide Investors with the right to specify, or restrict the Funds’ investment objectives or any investment or trading decisions. Accordingly, an investment in a Fund does not create a client-adviser relationship between such Investors and Washington Harbour. Each of the Funds are expected to rely on the exception from the definition of an “investment company” provided by Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”). Each Investor is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about Washington Harbour’s investment strategies, methods of analysis and related risks (as

discussed in Item 8 of this Brochure and each Fund's Offering Documents) in considering whether Washington Harbour's advisory services, or an investment in a Fund are appropriate to its own circumstances, based on all relevant factors including, but not limited to, the Investor's own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

The general partner of the Funds is Washington Harbour Partners GP, LLC (the "**General Partner**"), a Delaware limited liability company. The General Partner has ultimate responsibility for decisions relating to management and operations made on behalf of the Domestic Funds, the Offshore Funds and the Master Funds, and has ultimate responsibility for the investment decisions made on behalf of the Master Funds but has delegated certain responsibilities to Washington Harbour.

Additional detailed information about Washington Harbour is provided below, including information about Washington Harbour's advisory services, investment approach, personnel and affiliations.

Washington Harbour does not participate in wrap fee programs.

As of April 30, 2021, Washington Harbour managed \$1,097,449,443 in regulatory assets under management ("**RAUM**"), all on a discretionary basis.

### **Item 5: Fees and Compensation**

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As an investment adviser to the Funds, as further described in the Offering Documents, Washington Harbour receives a management fee generally equal to 1.25%. The management fees are paid by the Master Funds quarterly in advance on the first day of each calendar quarter, depending upon the net asset value of the Funds and each particular investment by an Investor in the Funds. Management fees are generally pro-rated for partial periods. Once paid, management fees are non-refundable.

The Firm or its affiliates may reduce, waive or calculate differently the management fee for certain Investors, including but not limited to, members, employees and affiliates of Washington Harbour.

#### **Other Fees and Expenses**

The Feeder Funds will bear their own expenses and their pro rata share of the Master Funds' expenses, including, without limitation, Operating Expenses (as hereinafter defined) and Organizational Expenses (as hereinafter defined), and shall reimburse Washington Harbour, the General Partner or any of their respective affiliates for any Operating Expenses and Organizational Expenses incurred by such persons.

Operating Expenses means all costs and expenses of operating and carrying on the business of, or otherwise incurred by, or allocable to, the Feeder Funds and the Master Funds and certain expenses of Washington Harbour, including, without limitation: (i) all expenses incurred by the Feeder Funds, the Master Funds, Washington Harbour, the General Partner and/or any of their affiliates in connection with identifying, evaluating, structuring, consummating and financing the investments of the Master Funds, including brokerage commissions, transaction costs, ticket charges, expenses related to proxies, underwriting, private placements and short sales, clearing and settlement charges, custodial fees, interest expenses and other financing charges (including initial and variation margin), broken deal expenses, consulting (including relating to calls and conferences with expert networks), investment banking and other professional fees relating to particular investments or contemplated investments, expenses related to the formation and operation of the Feeder Funds and the Master Funds and any vehicle through which the Master Funds may hold investments, including any expenses that may otherwise qualify as eligible brokerage expenses under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), research-related expenses (including fees for news

and quotation equipment and connectivity costs and services, market and other research-related data services (including among others, those often referred to as “alternative data”) and other fees paid to third-party providers of research products and services including those that would otherwise constitute eligible research under Section 28(e) of the Exchange Act, that are also eligible to be paid for using “soft dollars” and software for managing and monitoring research and trading); fees for portfolio risk management services (including the costs of risk management software or database packages and related connectivity costs); fees for market information systems and related connectivity costs; and investment-, operations-, portfolio-, and trading-related software, including trade order management software (i.e., software used to route trade orders) and related connectivity costs; (ii) the management fee; (iii) all other expenses of the Feeder Funds and the Master Funds incurred in connection with the ongoing operation and administration of the Feeder Funds and the Master Funds, including (A) costs relating to communications with Investors pursuant to the articles of association (including printing, mailing, investor web portal and other costs of information dissemination); (B) fees charged by the fund administrator (including for certain information technology services and middle office trade support services, as well as for accounting, reporting, tax compliance and audit services and software); (C) third-party accounting, tax compliance and related expenses (including expenses incurred in connection with tax filings, preparation of tax information and audits and expenses attributable to compliance with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, applicable Treasury regulations and additional guidance thereunder, the Organization for Economic Cooperation and Development’s Common Reporting Standard and costs of valuation and pricing services; (D) third-party legal and compliance fees and related expenses, including fees and expenses related to filings, documents and registrations relating to the Funds with the SEC and/or other foreign or domestic regulators, such as Form PF, short and long exposure and/or ownership filings with U.S. and foreign regulators, Alternative Investment Fund Managers Directive Annex IV and the Alternative Investment Fund Managers Directive annual report, but excluding expenses related to preparation of Washington Harbour’s Form ADV; (E) expenses attributable to compliance with U.S. federal, state, local, non-U.S. and other laws and regulations (including, but not limited to, securities laws, privacy and data security, ERISA (including, but not limited to, legal services and the cost of obtaining a bond for employees of Washington Harbour), Department of Labor, SEC and CFTC rules and regulations), (F) side letters with Investors and compliance therewith; (G) agreements and due diligence related to products and/or services for the benefit of the Feeder Funds and the Master Funds and compliance therewith; and (H) expenses attributable to compliance with the Alternative Investment Fund Managers Directive and compliance with anti-money laundering laws and know-your-customer requirements, including the costs associated with the appointment of any Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer of the Funds required pursuant to the anti-money laundering regulations of the Cayman Islands; (iv) all expenses incurred in connection with any actual or threatened action, claim, suit, formal or informal investigation (including any internal investigation), inquiry (including a regulatory “sweep”) or proceeding by or before any court, arbitrator, governmental body or other agency (each a, “**Proceeding**”) involving the Feeder Funds or the Master Funds (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; provided that any such expenses which, if incurred by any indemnified person, would not be indemnifiable shall not constitute Operating Expenses; (v) all expenses for reimbursement, indemnity and contribution obligations of the Feeder Funds or the Master Funds with respect to any person, whether payable in connection with a proceeding involving the Feeder Funds or the Master Funds or otherwise; (vi) all interest expenses incurred or paid by the Feeder Funds or the Master Funds; (vii) all fees and expenses incurred in connection with obtaining and maintaining an insurance policy or policies for the Feeder Funds, the Master Funds, Washington Harbour, the General Partner and their officers, principals, affiliates and partners; (viii) all unreimbursed expenses incurred in

connection with the collection of amounts due to the Feeder Funds and the Master Funds; (ix) all fees and expenses relating to a Feeder Fund and/or the Master Fund Investor meetings and conferences; (x) all fees and expenses relating to the Board of Directors of the Funds, if any, including without limitation those for travel, registration fees and background checking; (xi) all registered office, corporate licensing, corporate secretarial and other such similar expenses; (xii) all entity-level taxes other than those attributable to any Investor (e.g., income taxes payable by special purpose vehicles and sales, franchise and transfer taxes); (xiii) all expenses related to proxy voting research, reporting, execution and recordkeeping services; (xiv) all fees and expenses incurred in connection with the preparation of amendments and revisions to Funds' organizational documents or the Master Funds' partnership agreements; (x) all expenses incurred in connection with the dissolution and liquidation of the assets of the Funds; and (xi) all extraordinary expenses and other similar expenses; provided that the term Operating Expenses does not include any Organizational Expenses (as defined below) or any taxes to the extent determined in Washington Harbour's sole discretion, to be attributable to, and recoverable from certain Investors or former Investors.

Organizational Expenses means all expenses (including legal fees and expenses) of organizing the Feeder Funds and the Master Funds and all expenses (including legal fees and expenses) incurred by the Feeder Funds, the Master Funds, Washington Harbour, the General Partner or any affiliate of Washington Harbour or the General Partner in connection with (i) the private placement of the interests in the Funds (including expenses attributable to compliance with the Alternative Investment Fund Managers Directive and compliance with anti-money laundering laws and know-your-customer requirements, but excluding placement fees (if any)) and (ii) the registration, qualification or exemption of the Feeder Funds and the Master Funds under any applicable non-U.S. or U.S. federal or state laws. The Funds will amortize their Organizational Expenses over a period of 60 months from the date the Master Funds commence investment operations. Amortization of such expenses over a period that is up to 60 months may be a divergence from the US generally accepted accounting principles ("**GAAP**"), which can, in certain circumstances, result in a qualification of a Fund's annual audited financial statements, which are performed in accordance with GAAP. In such instances, Washington Harbour may decide to (i) avoid the qualification by recognizing the unamortized expenses or (ii) make GAAP-conforming changes for financial reporting purposes but amortize expenses for purposes of calculating the Funds' net asset value. There will be a divergence in the Funds' fiscal year-end net asset value and in the net asset value reported in a Fund's financial statements in any year where, pursuant to clause (ii), GAAP-conforming changes are made only to a Funds' financial statements for financial reporting purposes. If a Fund amortizes its expenses but terminate before such expenses are fully amortized or elects in their sole discretion to accelerate such amortization, the unamortized portion of the organizational expenses will be debited against the particular Fund's assets at that time. If an Investor redeems all or a portion of its shares prior to the end of the 60-month period during which the particular Fund is amortizing expenses, the Fund may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being redeemed and reduce any redemption proceeds by the amount of such accelerated expenses.

If any of the expenses listed above are incurred jointly for the account of the Feeder Funds (or the Master Funds) as well as for any other accounts, such expenses will be allocated among the Feeder Funds (or the Master Funds) and such other accounts in proportion to their respective net asset values, based on the amount invested in a position or in such other manner as Washington Harbour considers fair and equitable, in its sole discretion.

The Funds do not have a pre-determined limit on their ordinary or extraordinary operating expenses. Each Funds' actual annual operating expenses will be disclosed in each Fund's year-end audited financial statements, which are provided to each Investor in the particular Fund.

Washington Harbour remains responsible for its overhead expenses of an ordinary and recurring nature, such as rent, supplies, charges for furniture and fixtures, salaries and bonuses of its employees, employee insurance, employee benefits and payroll taxes.

Washington Harbour has adopted policies and procedures intended to address trade errors to ensure that the Funds are treated fairly. Subject to any contractual limitations set forth in each Fund's Offering Documents, Washington Harbour has discretion to resolve a particular error in a manner that it deems appropriate and consistent with Washington Harbour's policies and procedures.

For information on the Firm's brokerage and transaction costs, please see "Item 12 – Brokerage Practices."

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

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Generally, the General Partner is entitled to receive a performance-based distribution from the Funds. The Master Funds reallocate an incentive allocation (the "**Incentive Allocation**") to the General Partner where such fees are based on the underlying advisory agreement between such parties.

Generally, such allocations are made at the end of a performance period (the "**Performance Period**") which (a) commences with (i) the open of business on the date of the establishment of such investor capital account ("**Capital Account**") or (ii) the day following the last day of the preceding Performance Period and (b) ends on the close of business on (i) the last day of a fiscal year or (ii) if earlier (A) a redemption date when an Investor redeems from the Funds or (B) termination of the Master Funds.

Generally, the Incentive Allocation ranges by series from 0% to 30% (depending upon the annual net profits of each Fund) as set forth in detail in each Fund's respective Offering Documents.

In the sole discretion of the General Partner, the Incentive Allocation may be waived, reduced or calculated differently for certain Investors, including but not limited to, partners, members, employees and affiliates of Washington Harbour.

The Master Funds maintain a loss recovery account (the "**Loss Recovery Account**") or "high water mark" for each Master Fund series Capital Account that tracks the losses that must be recovered before an Incentive Allocation can be made with respect to such series Capital Account.

Certain Investors in the Funds may have a higher management fee or Incentive Allocation than other Investors. Because Washington Harbour manages more than one Fund, a potential exists for one Fund to be favored over another Fund. Washington Harbour and its investment personnel have a greater incentive to favor a Fund that pays Washington Harbour or the General Partner (and, indirectly, its investment personnel) higher management fees or Incentive Allocations.

However, Washington Harbour has adopted policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Funds or client accounts, including accounts with different fee arrangements and the allocation of investment opportunities. Washington Harbour reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. It is Washington Harbour's general policy to trade the portfolios of all Funds and client accounts on a *pari passu* basis based on relative capital (subject to the use of leverage in the portfolios of certain Funds). However, allocations may be made on a basis other than pro rata for a number of reasons, including, but not limited to: a particular Fund's or client account's investment guidelines and restrictions; available cash; liquidity requirements; tax or legal



reasons; to avoid odd lots; or in cases in which such an allocation would result in a de minimis allocation to a Fund or client account.

## **Item 7: Types of Clients**

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Currently, Washington Harbour provides investment advice to the Funds and various single investment holding investment vehicles. Each of the Funds set forth the eligibility criteria and minimum investment requirements for Investors. Initial and additional subscription minimums are disclosed in the Offering Documents for each Fund, which may be waived at the discretion of Washington Harbour.

### *The Domestic Funds*

Each Investor generally must be (i) an “accredited investor”, as defined in Regulation D under the U.S. Securities Act of 1933 (the “**Securities Act**”), and (ii) either a “qualified purchaser”, as defined in the U.S. Investment Company Act of 1940 (the “**Company Act**”), or a “knowledgeable employee”, as defined under Rule 3c-5 of the Company Act, and must meet other suitability requirements. Interests may not be purchased by non-resident aliens, foreign corporations, foreign partnerships, foreign trusts or foreign estates, all as defined in the Internal Revenue Code. The Subscription Agreement contains representations and questionnaires relating to these qualifications.

### *The Offshore Funds*

Each Investor generally must be either (i) a non-U.S. Person or (ii) a permitted U.S. Person that qualifies as an “accredited investor,” as defined in Regulation D under the Securities Act, and either a “qualified purchaser,” as defined in the Company Act, or a “knowledgeable employee,” as defined under Rule 3c-5 of the Company Act, and must meet other suitability requirements. The Subscription Agreement contains representations and questionnaires relating to these qualifications.

The minimum investment for an Investor in the Domestic Funds and the Offshore Funds is US \$25,000,000. The minimum may be waived by Washington Harbour in its sole discretion.

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

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### **Methods of Analysis**

Washington Harbour believes a well-developed investment process is the key to its long-term success. Washington Harbour’s process is focused on generating strong long-term returns and has been developed through the collective experience of its personnel investing globally across varied market conditions. The result of this collective experience is a set of processes, checklists, playbooks and frameworks that Washington Harbour will rely on to position it well for future success.

### **Investment Strategies**

Washington Harbour employs a fundamentally-driven, strategy with an emphasis on small and mid-cap investments. Washington Harbour takes a “private equity” approach in the small to mid-cap public markets, which the Investment Manager believes contain inefficiencies that create the opportunity for value creation. This strategy entails:

- Focusing on businesses that Washington Harbour believes are characterized by high barriers to entry, high value products and services, predictable revenue streams and attractive returns on capital;

- Completing intensive research to gain an information advantage and conviction through private equity-type due diligence;
- Taking a disciplined valuation approach to seek to provide a margin of safety by waiting for an industry or company event to create a “price break” where the Master Funds can buy near a valuation floor;
- Partnering with management to be a supportive investor focusing on alignment, operations, capital structure, strategic and/or governance initiatives

In managing the Funds, Washington Harbour expect to invest in companies globally that operate in a wide range of industries. To increase the performance potential of the Washington Harbour Capital Master Fund, LP, while mitigating general market risk and volatility, Washington Harbour intends to employ a hedged approach, taking short positions as well as long positions.

Washington Harbour has several competitive advantages which it believes are essential to successfully implementing the investment program, including:

- A team of investment professionals who have complementary industry expertise;
- Long standing relationships with many companies and company management teams;
- A commitment to research-intensive fundamental and capital structure analysis as the basis for investment selection;
- A disciplined approach to shorting individual stocks rather than reliance on index futures as a means for reducing risk and increasing performance; and
- A disciplined and rigorous framework with which to monitor and manage risk.

As part of Washington Harbour’s fundamental approach to investment selection, employees of the Firm perform a number of tasks that may include, as appropriate: (i) interviews with a company’s management team; (ii) background checks on key executives of the management team; (iii) discussions with a company’s suppliers, customers and competitors; (iv) analysis of the assets on a company’s balance sheet or an underlying asset-backed security or structured product; (v) a detailed review of a company’s products and services; and/or (vi) consultation with industry professionals and advisors. In addition, Washington Harbour employees analyze a company’s historical financial information to discern its internal revenue growth, free cash flow generation, consistency of earnings growth and return on invested capital. This investigation and analysis are used to develop a multi-year financial model forecasting a company’s potential earnings and cash flows and prospective growth rates.

Washington Harbour aims to diversify the Funds’ portfolio as a whole and also within broad industry groups and geographic regions. Diversification by industry and geography is intended to be accomplished through broad definition of the Funds’ universe of potential investments. Washington Harbour intends to limit investments that the Investment Manager reasonably believes, at the time of investment, would take more than 90 days to liquidate, to 10% of the net asset value of the Funds, or less.

Although Washington Harbour expects to primarily invest in, or short, public equity securities, Washington Harbour has broad and flexible investment authority in advising the Funds. For example, Washington Harbour may acquire equity securities for the Funds that are not publicly traded. These securities may be issued by private companies or may be privately issued securities of public companies. Washington Harbour may also make use of over-the-counter and exchange-traded instruments relating to equities and equity indices (including, without limitation, derivative instruments such as options,

swaps, and futures), principally as a means of quickly and temporarily adjusting the risk profiles of the Master Funds.

Notwithstanding the foregoing, Washington Harbour intends to remain flexible with respect to attempting to construct the optimal portfolio for the Master Funds and, as such, the Master Funds' portfolio may not always conform to the parameters discussed in the preceding paragraphs. As mentioned, with respect to public investments, Washington Harbour intends to seek to achieve the investment objective of the Domestic Funds, the Offshore Funds and the Master Funds primarily through investments in publicly traded equities, but may also invest in equity derivatives, convertibles or other fixed-income instruments, and may use foreign exchange or other instruments for hedging and other purposes.

### ***Co-Investments***

Washington Harbour may make co-investments side by side with the Master Funds. If Washington Harbour determines that the Master Funds have an opportunity to invest in a business and Investors or any third parties are invited to co-invest in such transaction, then Washington Harbour will offer Investors the right to co-invest in such co-investment opportunity, (i) in an amount mutually agreed upon between the Investor and Washington Harbour, provided that Washington Harbour will offer an Investor at a minimum the opportunity to invest the Investor's pro rata share of such investment (when taking into account all other Investors in Onshore Funds and the Offshore Funds who invest in such co-investment opportunity), and (ii) on terms and conditions at least as favorable as are offered to other Investors making similarly sized investments.

### **Summary of Material Risks**

There can be no assurance that Washington Harbour's investment objective in managing the Funds will be achieved, and that the Funds will not incur losses. The risks described below are not meant to be a comprehensive collection of all risks with which the Funds will be confronted. Each Investor is also encouraged to consult with Washington Harbour to review the specific risk parameters of, and assets that comprise, each Fund at any given time and from time to time.

### ***Risk of Loss Factors***

Investing in securities involves risk of loss that investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Each Fund's Offering Documents provides a detailed description of the risks of investing in the Funds.

### ***Limited Operating History***

Although the Principal is an experienced professional who has implemented investment strategies at other organizations, Washington Harbour and the Funds are newly formed entities and have a limited operating history upon which Investors can evaluate its likely performance. The Funds' investment program should be evaluated on the basis that there can be no assurance that Washington Harbour's assessment of the short-term or long-term prospects of investments will prove accurate or that the Funds will achieve their investment objectives.

### ***Reliance on the Principal***

The success of the Funds depends in large part upon the skill, knowledge, judgment, experience and expertise of the Principal to develop and implement investment strategies that achieve the Funds' investment objective. There can be no assurance that the Principal will continue to be associated with the Funds or the Investment Manager. In the event the Principal ceases to devote sufficient time to

the management of the Funds, in its reasonable judgment, determines necessary to accomplish the purposes of the Funds, there might be an adverse effect on the Funds.

### ***Investment and Trading Risks Generally***

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. In managing the Funds, Washington Harbour invests in and actively trades securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, currency, and fixed income markets, the risks of short sales, the risks of leverage, the potential illiquidity of derivative instruments and other portfolio investments and the risk of loss from counterparty defaults and the risk of borrowing to meet withdrawal requests. No guarantee is made that Washington Harbour's investment program or overall portfolio of the Funds, or various investment strategies used, or investments made will have low correlation with each other or that the Funds' returns will exhibit low long-term correlation with an Investor's traditional securities portfolio. In managing the Funds, Washington Harbour uses investment techniques including margin transactions, option transactions, swaps and other derivative transactions, short sales and forward and futures contracts, which involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject. All investments made by Washington Harbour risk the loss of capital. No guarantee or representation is made that Washington Harbour's investment program will be successful, that the Funds will achieve their investment objective or that there will be any return of capital invested to Investors, and investment results vary and have varied substantially over time.

### ***Dependence on Service Providers***

Washington Harbour relies on service providers for certain aspects of their business, including certain financial operations, trade related activity, IT infrastructure and systems, trade reconciliation, and margin and collateral movement. Washington Harbour does not control or direct these service providers and have limited transparency into such businesses' day-to-day operations. Any interruption or deterioration in the performance of such service providers could impair the quality of Washington Harbour's operations, negatively impact its and the reputation of the Funds and the investment strategies of the Funds, limit the Funds' potential to grow, and ultimately expose the Investors to losses.

### ***Limited Liquidity of Interests***

An investment in the Funds provides limited liquidity because the interests are not freely transferable and generally an Investor has limited rights to withdraw capital from a Fund. In addition, Washington Harbour may limit or suspend the rights of the Investors to make withdrawals, as described herein and in the Offering Documents. Each Fund is intended for long-term investors who can accept the risks associated with investing primarily in securities that involve a high degree of financial risk and are potentially illiquid. There is no public market for the Funds' interests, and no such market is expected to develop in the future. Investors may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their Fund interests (or any portion thereof) without the consent of Washington Harbour, which may be withheld for any reason or no reason.

In addition, there can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments at favorable prices at the time of such withdrawal request. Washington Harbour may also (but is not required to) make in-kind withdrawal payments to Investors from the Master Funds' portfolio. Such investments, if distributed may not be readily marketable or saleable and may have to be held by such Investor for an indefinite period of time. In Washington Harbour's discretion, the Funds may satisfy withdrawal requests through an in-kind distribution of interests or shares of a special purpose vehicle ("**SPV**") owned by the Master Fund(s), with the SPV holding assets contributed by the Master Fund(s), which may include a participation interest in investments of the Master Fund(s). Additionally, any risk of loss and delay in

liquidating these securities will be borne by the Investors, with the result that such Investors may receive less cash than it would have received on the date of withdrawal. Washington Harbour will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind, as well as the particular securities or other assets, if any, to be distributed.

### ***No Guarantee of Return or Performance***

The obligations or performance of the Funds or the returns on investments in the Funds are not guaranteed in any way. Any losses of the Funds will be borne solely by Investors in the Funds. Ownership interests in the Funds are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

### ***Small and Mid-Capitalization Securities***

In managing the Funds, Washington Harbour will invest in the listed securities of companies with market capitalization which in the United States would be viewed as small and medium-sized market capitalizations, which may involve greater risk than investments in the listed securities of larger companies. Small and mid-capitalization companies may be more volatile in price and less liquid than larger capitalization companies. Many small and mid-capitalization companies tend to have less access to capital markets, less negotiating power and less diverse product offerings and customer bases. All these traits make the risk of severe business reversals or business failure higher for many small and medium size issuers than for larger companies, which would have an adverse effect on the Master Funds if the Master Funds were holding a long position in such a company. On the other hand, small and medium capitalization companies are much more likely to be acquired at a significant premium, which could have an adverse effect on the Washington Harbour Capital Master Fund, LP if the Washington Harbour Capital Master Fund, LP were to short such a company.

### ***Investment in Micro-Cap Companies and Early-Stage Businesses***

There is no limitation on the size or operating experience of the companies in which Washington Harbour invests and the Funds may from time to time invest in or otherwise be exposed to performance of micro-cap companies. Such investments involve greater risks in many respects than do investments in larger or more seasoned companies. Such companies may lack management depth and experience or the ability to generate internally or obtain externally the funds necessary for growth. Such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Further, such companies may be small factors in their industries and may face intense competition from larger companies. The prices of the securities of micro-cap companies are generally more volatile than prices of the securities of companies with large market capitalizations and the risk of bankruptcy or insolvency of such companies is generally higher than for larger companies. Due to thin trading in securities of many small and micro-cap companies, an investment in these companies may be relatively more illiquid than is the case for larger companies.

### ***Legal, Tax and Regulatory Risks***

Legal, tax and regulatory developments are likely to occur during the term of the Funds, and such developments may adversely affect the Funds. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect the Funds and their activities. Changes in the regulation of private funds and their activities may adversely affect the ability of the Funds to pursue their investment strategy, their ability to obtain leverage and financing

and the value of investments held by the Funds. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. Such scrutiny may increase the Funds' exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight may also impose additional administrative burdens on Washington Harbour, including, responding to examinations and investigations, implementing new policies and procedures, and complying with recordkeeping and reporting obligations. Such burdens may divert Washington Harbour's time, attention, and resources from portfolio management activities. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict or limit the ability of the Funds to trade in securities or the ability of the Funds to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Funds' portfolios.

Washington Harbour and the Funds are also subject to regulation in foreign jurisdictions in which they engage in business. Investors should understand that the Funds' business is dynamic and is expected to change over time. Therefore, the Funds may be subject to new or additional regulatory constraints in the future. Neither this Brochure, nor the Offering Documents of the Funds can address or anticipate every possible current or future regulation that may affect Washington Harbour or the Funds. Such regulations may have a significant impact on Fund Investors or the operations of the Funds, including, without limitation, restricting the types of investments the Funds may make, preventing the Funds from exercising its voting rights with regard to certain financial instruments and requiring the Funds to disclose the identity of its Investors. Washington Harbour may cause the Funds to be subject to such regulations if it believes that an investment or business activity which may trigger such regulation is in the Funds' interest, even if such regulations may have a detrimental effect on one or more Investors. Prospective Investors are encouraged to consult their own advisors regarding an investment in the Funds.

### ***Market Conditions and Volatility***

The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), market structure, trade barriers, currency exchange controls, national and international political circumstances (including wars, terrorist acts, or security operations), and the occurrence of various events (including hurricanes, earthquakes, and other natural disasters). These factors affect the level and volatility of securities prices and the liquidity of the Funds' investments, including, without limitation, common equity and related equity derivative instruments, high-yield securities, convertible securities and derivatives, including futures and option prices, which can be highly volatile. During periods of limited liquidity and higher price volatility, the Funds' ability to acquire or dispose of its investments at a price and time that the Funds deem advantageous may be impaired. Price movements of forward, futures and other derivative contracts in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series of defaults by other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms, and exchanges, with which the Funds interacts on a daily basis. These factors and general market conditions could have a material adverse impact on markets in general and on the Funds' portfolios.



***Risk Associated with Information Used in the Research Process***

Washington Harbour will select investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Washington Harbour by the issuers or through sources other than the issuers, including, but not limited to industry experts, political consultants, sell-side analysts and other third-party providers of data products and services. Data sources include among others, those commonly known as “traditional data,” such as information from SEC filings and securities trading price and volume information, and “alternative data,” which generally is understood to refer to data published by sources outside of the issuer or a trading venue that is used to draw insights about a particular issuer, industry or macroeconomic event. Alternative data sets can be compiled from various sources including, but not limited to financial transactions, mobile devices, social media, public records and the internet. Although Washington Harbour will generally evaluate all such information and data and, when Washington Harbour considers it is appropriate and when it is reasonably available, seek independent corroboration, Washington Harbour is not in a position to confirm the completeness, genuineness or accuracy of all such information and data, and in some cases, complete and accurate data and information is not available. As a result, if Washington Harbour draws incorrect conclusions based on its review of the information or data it is evaluating or if such information or data is inaccurate or otherwise not reliable, the Funds’ investments may not perform as expected and the Funds may suffer a loss, including the cost of procuring such information or data, which is often relatively expensive.

In addition, while “alternative data” has become more readily available and mainstream over the last decade and is now generally available through data brokers, aggregators and other financial intermediaries specializing in providing such data to investors and analysts, such data is generally more expensive than traditional data sources and often less structured and therefore may be less reliable than traditional sources of data. In addition, laws and regulations applicable to the gathering, sale and use of such data, including those with respect to privacy, data security, intellectual property and computer fraud and abuse, are evolving quickly and sometimes in unexpected ways. The due diligence and contracting process for acquiring any such “alternative data” sets can therefore impose additional cost and uncertainty and some or all of a data set acquired at any one time may no longer be eligible for sale or use in the future, which could impair the usability or reliability of the data. Washington Harbour endeavors to evaluate such data for compliant use, reliability and value before acquiring it, but given the complexity of the data analysis and uncertainty associated with the legal issues involved, Washington Harbour may not always be successful, which could expose Washington Harbour and the Funds to financial and legal risks.

***Absence of Regulatory Oversight***

The Funds are not registered as investment companies under the Investment Company Act, in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage, limit transactions between investment companies and their affiliates and regulate the relationship between the advisor and the investment company) are not applicable.

***Availability of Investment Opportunities***

The success of the Funds’ investment and trading activities depends on the ability of Washington Harbour and the Principal to identify overvalued and undervalued investment opportunities. Identification and exploitation of the investment strategies to be pursued by the Funds involves a high degree of uncertainty. No assurance can be given that Washington Harbour or the Principal will be able to identify suitable investment opportunities in which to deploy all of the Funds’ capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for the Funds.

***Exposure to Material Non-Public Information***

While generally Washington Harbour does not expect to receive material non-public information, when such information is received with respect to an issuer of publicly traded securities, the Funds are generally prohibited, by law, policy, or contract, for a period of time from (i) unwinding a position in such issuer; (ii) establishing an initial position or taking any greater position in such issuer; and (iii) pursuing other investment opportunities related to such issuer. This inability to trade in a security or related security could expose the Funds to risk of loss or loss of opportunities. Further, in the current environment, there is an increased risk of insider trading enforcement actions in a variety of jurisdictions and by a number of regulators. Even in the absence of wrongdoing, any such enforcement activity, or regulatory investigations in connection with a potential enforcement action, can have material and adverse impacts on Washington Harbour and its affiliates. The boundaries of the laws applicable to insider trading and practices relating to insider trading enforcement are continuing to evolve, which may impact the Funds' trading activities in ways that are unexpected.

***Hedging Transactions***

Washington Harbour may employ hedging techniques for the Funds that may involve a variety of transactions, including but not limited to certain derivatives transactions, such as swaps, caps and floors, futures, forward contracts, exchange-listed and OTC put and call options on securities or on financial indices, forward foreign currency contracts, various interest rate and foreign exchange transactions and interests in, or swaps on, exchanged-traded funds (some of which may hold derivatives) (collectively, "**Hedging Instruments**"). These Hedging Instruments are used for both investment and risk management purposes in order to (i) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of the Funds' investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads, or gains on any investment in the Funds' portfolios; (v) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (vii) for any other reason that Washington Harbour deems appropriate.

Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Funds' positions (or that there may be losses on both legs of a transaction). In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, the Funds may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time the use of these instruments tends to limit any potential gain that might result from an increase in the value of such position.

The ability of the Funds to hedge successfully will depend on Washington Harbour's ability to predict pertinent market movements, which cannot be assured, and to continually recalculate, readjust, and execute hedges in an efficient and timely manner. For a variety of reasons, Washington Harbour and its affiliates do not necessarily seek to establish a perfect correlation between the Hedging Instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. Washington Harbour may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high or the magnitude of the risk to be sufficiently large as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Finally, the daily variation margin requirements in futures contracts that may be sold by the Funds could create an ongoing greater



potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the Funds.

### ***Short Sales***

In advising the Washington Harbour Capital Master Fund, LP, Washington Harbour engages in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a loss, which could theoretically be unlimited, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities are sold short by the Washington Harbour Capital Master Fund, LP in a long/short strategy to hedge a long position, to hedge the portfolio in general, to enable the Funds to express a view as to the relative value between the long and short positions, or as part of an outright short position. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the securities underlying the short position will not increase in value, causing the Washington Harbour Capital Master Fund, LP losses on both components of the transaction, or that the securities underlying an outright short position will not increase in value. If the underlying securities increase in value, the short position decreases in value and the Washington Harbour Capital Master Fund, LP sustains a loss. In addition, when the Washington Harbour Capital Master Fund, LP effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

### ***Investments in Non-Exchange Traded Equity Securities***

Washington Harbour will invest the Funds' assets or a SPV's assets in non-exchange traded equity securities (e.g., private investments in public equity ("PIPE's") or offerings of private companies). In any investment opportunity involving non-exchange traded equity securities, there exists the risk of less liquidity, less regulation and less available information than in other types of transactions. Because there is greater uncertainty concerning such transactions, the Funds and any existing or future SPVs face a meaningful possibility of substantial losses as a result of such risks. For example, if other investors in private securities find such investment opportunities less attractive because of reduced disclosure requirements, there may be a less active trading market and the securities of such company may be more volatile and less liquid.

### ***Issuer Concentration and Diversification Risk***

In advising the Funds, Washington Harbour may invest in a relatively limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the Funds may be substantially affected by the unfavorable performance of a small number of such investments and may reduce its ability to hedge its exposure and to dispose of depreciating assets. The Funds do not have fixed guidelines for investment diversification. To the extent the Funds' investments are concentrated in a particular industry, security, issuer or country, the Funds' portfolios will be more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry, security, issuer or country.

**Leverage**

Washington Harbour may use leverage in its investment strategy for the Funds. Leverage may take the form of loans for borrowed money (e.g., margin loans) or derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts and swaps. The use of leverage by the Funds can substantially increase the market exposure (and market risk) to which the Funds' investment portfolios may be subject. Trading on leverage will result in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which the Funds can leverage in particular, can affect the operating results of the Funds. In addition, in the case of financial difficulty or market turmoil affecting the Funds' brokers, the brokers may reduce their lending to the Funds, forcing the Funds to liquidate investments under severe time pressures and/or lower than expected values.

The Funds' use of short-term margin borrowings, derivatives, and other instruments, including leverage, results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds are subject to a "margin call," pursuant to which the Funds are required on relatively short notice either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A significant increase in margin calls could harm the Funds' liquidity, results of operations, financial condition, and business prospects. Additionally, in order to obtain cash to satisfy a margin call, the Funds may be required to liquidate assets at a disadvantageous time, which could cause it to incur further losses. In the event of a sudden precipitous drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to pay off its margin debt.

In the US futures markets, margin deposits are typically required. In the forward, currency and certain other derivative markets, margin deposits may be even lower or may not be required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses to the Investor. For example, if at the time of purchase, 10% of the price of a futures contract were deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. In addition, as with sales of other leveraged investments, any sale of a future, forward or other commodity contract may result in losses in excess of the margin deposit.

The premiums for certain options traded on non-US exchanges may be paid for on margin. When the Funds sell an option on a futures contract, it may be required to deposit margin in an amount that may be determined by the margin requirement established for the futures contract underlying the option and, in addition, in an amount substantially equal to the current premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed on dealing in the futures markets directly. Whether any margin deposit will be required for OTC options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

**Call Options**

Washington Harbour expect to use call options for the Funds. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of

an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. However, if the buyer of the call sells the underlying security short, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

### **Put Options**

Washington Harbour expects to use put options for the Funds. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the short position for values of the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. However, if the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

### **Special Purpose Acquisition Companies**

Special purpose acquisition companies, commonly referred to as “**SPACs**”, are publicly traded companies formed for the purpose of raising capital through initial public offerings to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company’s value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, interests in most SPACs are relatively illiquid and have a concentrated shareholder base that tends to be comprised of institutional investors, including hedge funds (at least at inception). The Funds may invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In addition, the Funds may invest capital in vehicles acting as the sponsors of SPACs in exchange for interest in the SPAC that will only have value to the extent that a transaction is consummated by the SPAC and the Funds continue to hold interests in the SPAC thereafter. There may be limited basis for

the Funds to evaluate the possible merits or risks of such SPAC's investment in any particular target business or the track record of its management team. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

### **Cybersecurity Risk**

Cybersecurity risks for investment funds have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state actors. For example, Washington Harbour and the Funds may be exposed to risks associated with social engineering (e.g., phishing, pretexting, baiting, etc.) which relies upon the exploitation of human behaviors (trust, ignorance, kindness, etc.) to breach an organization's controls and security systems. Furthermore, Washington Harbour and the Funds may be the targets of a cyberattack because they process transactions of substantial monetary value and maintain and store significant amounts of proprietary, personal and other nonpublic information, as well as alternative data, which are publicly available but may be organized in a manner that is not publicly available. Cyberattacks or other information security breaches (including unauthorized data access by insiders), whether directed at Washington Harbour, the Funds or third parties, may result in material losses and/or have other material consequences which may not be covered by their insurance policies. Such cyberattacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, unlawful website scraping, improper access by employees or vendors, or other security breaches that could result in substantial monetary losses and/or the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary, personal and other information of Washington Harbour and/or the Funds, their employees, their customers or of third parties, or otherwise materially disrupt such parties' business operations. The public perception that Washington Harbour, the Funds or their third-party processors have been the target of a cyberattack, whether successful or not, may also materially adversely affect the Funds, depending on the nature and severity of the attack.

### **Coronavirus Outbreak**

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Washington Harbour's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Washington Harbour has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Washington Harbour's business and/or the markets can be determined and addressed in advance.

### **Other Catastrophic Risks**

In addition to the potential risks associated with COVID-19 as outlined above, the Funds, Washington Harbour, and their affiliates, may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on Washington Harbour's and/or the Funds' operational and financial performance and each Fund's investments will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories

and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on any locations in which Washington Harbour operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on the Funds or the ability of Washington Harbour to achieve its investment objectives on behalf of the Funds.

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**Item 9: Disciplinary Information**

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Washington Harbour has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of Washington Harbour have been subject to such action.

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

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Neither Washington Harbour nor the General Partner are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Washington Harbour nor the General Partner are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The General Partner is an affiliated entity of Washington Harbour.

Neither Washington Harbour nor the General Partner recommend or select other investment advisers for the Funds.

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

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**Code of Ethics**

Washington Harbour has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act (the “**Code**”) that establishes certain standards of conduct and rules for its employees and/or access persons (as applicable). A summary of the Code is provided below. All access persons of Washington Harbour must acknowledge annually that they understand and agree to the terms of the Code.

The Code incorporates the following general principles that all employees are expected to uphold at all times:

- Employees must place the interest of clients first;
- Employees must conduct all personal securities transactions in a manner consistent with the Code and seek to avoid both actual conflicts of interest and the appearance thereof, and
- Employees may not take inappropriate advantage of their own positions with Washington Harbour for their own personal benefit.

**Personal Trading**

The Code provides that access persons are prohibited from purchasing individual publicly-traded securities for their own accounts or accounts that the access person controls or which the access

person may be deemed to have beneficial ownership (such as an account of a spouse or minor child). Washington Harbour believes that this mitigates the most likely conflict of interest that may arise from personal trading activity.

Access persons are permitted to buy and sell private securities (such as investments in hedge fund, private equity funds and private companies) with prior approval. Access persons are also permitted to invest in exchange traded funds, mutual funds and U.S. and non-U.S. government issued obligations without prior approval. In addition, Washington Harbour may permit access persons to maintain accounts that are managed on a discretionary basis by a third party if the access person has no direct or indirect influence or control over the investments for the account.

Exceptions to the personal trading policy are handled on a case-by-case basis. For example, an exception may be granted for legacy positions that were held by an access person (or a covered family member) prior to that access person joining Washington Harbour or to sell an investment that was originally made when the company was private and subsequently became publicly traded. In such a case, the access person would be required to obtain prior approval to sell such positions and may be subject to other restrictions as deemed appropriate by Washington Harbour under the circumstances.

### ***Gifts and Entertainment, Political Activities and Outside Activities***

The Code provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient. Washington Harbour requires access persons to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

The Code also generally requires access persons to obtain prior approval before the access person, a spouse or certain other immediate family members makes a political contribution or engages in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an access person may contribute or engage in an activity for the selection of Washington Harbour as an investment adviser for a governmental equity.

Finally, the Code provides that, without prior approval, access persons are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an access person's personal activities.

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

Washington Harbour, its principals and employees do not purchase or sell any securities for their own accounts to or from the Funds. However, subject to Funds' investment guidelines and restrictions, Washington Harbour may affect rebalancing or internal cross transactions. In such cases, Washington Harbour may determine that it would be in the best interests of one or more of the Funds and one or more other accounts to transfer a security from one account to another (each such transfer, a "**Cross Trade**") for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of the accounts, or to reduce transaction costs that may arise in an open market transaction. If Washington Harbour decides to engage in a Cross Trade, Washington Harbour will determine that the trade is in the best interests of both of the accounts involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those accounts.

If Washington Harbour is to execute Cross Trades, the Firm intends to do so with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two Funds or clients may occur as an "internal cross", where Washington Harbour instructs the custodian for the accounts to book the transaction at the price determined in accordance with Washington Harbour's Valuation Policy. If Washington



Harbour effects an internal cross, Washington Harbour will not receive any fee in connection with the completion of the transaction.

***Additional Considerations***

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities, partners and personnel in connection with client transactions. Washington Harbour has established written policies and procedures, which contain procedures to monitor and resolve conflicts and will endeavor to resolve conflicts in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

**Item 12: Brokerage Practices**

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Washington Harbour has complete discretion in deciding 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 commissions or markups and markdowns paid.

Portfolio transactions for the Master Funds are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to Washington Harbour and/or certain Funds or clients, but not beneficial to all accounts. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, Washington Harbour may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Master Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. Washington Harbour need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither Washington Harbour nor the Master Funds separately compensates any broker or dealer for any of these other services. Washington Harbour maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

***Soft Dollar Usage***

From time to time, Washington Harbour may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Master Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Washington Harbour will affect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). Washington Harbour believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Master Funds may be used by Washington Harbour to service one or more other accounts, including accounts that may not have paid for the soft dollar benefits. Washington Harbour will not seek to allocate soft dollar benefits to accounts in proportion to the soft dollar credits the

accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Washington Harbour (i.e., a “mixed use” item), Washington Harbour will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Washington Harbour’s allocation of the costs of such benefits and services between those that primarily benefit Washington Harbour and those that primarily benefit the accounts.

When Washington Harbour uses brokerage commissions (or markups or markdowns) generated by any accounts to obtain research or other products or services, Washington Harbour receives a benefit because it does not have to produce or pay for such products or services. While Washington Harbour is obligated to seek best execution for each account, the fact that Washington Harbour can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on Washington Harbour’s interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more accounts.

At least annually, Washington Harbour considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of its accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Washington Harbour make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

### ***Trade Aggregation and Allocation Policies and Procedures***

It is the policy of Washington Harbour to allocate investment opportunities to the Master Funds and to any other accounts on a fair and equitable basis, to the extent practical and in accordance with the Master Funds’ or other accounts’ applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: whether the risk-return profile of the proposed investment is consistent with an account’s objectives, the potential for the proposed investment to create an imbalance in an account’s portfolio, the liquidity requirements of an account, potentially adverse tax consequences, regulatory restrictions that would or could limit an account’s ability to participate in a proposed investment, and the need to re-size risk in an account’s portfolio.

Washington Harbour will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Master Funds or other accounts solely because Washington Harbour purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, another account or the Master Funds if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Master Funds or the other account.

In particular, when the Master Funds are ramping up its investment or trading strategies, it may receive larger allocations of certain securities than the other accounts in order to obtain its desired risk and portfolio size. Conversely, when other accounts ramp up their investment and trading strategies, the Master Funds may receive reduced or no allocations of certain securities.



**Trade Errors**

Trade errors involving transactions in any account directly or indirectly held by the Master Funds or any derivatives contract or other similar agreement of the Master Funds and/or any trading vehicle (each, a “**Trade Error**”) may occur. Trade Errors include the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities the account intended to trade; the sale of a security when it should have been purchased; the purchase of a security when it should have been sold; the purchase or sale of the wrong security; and the purchase or sale of a security for the wrong account and the post-settlement discovery of such purchase or sale. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered Trade Errors. The loss of an investment opportunity is not considered a Trade Error.

Such errors may result in losses or gains. Washington Harbour will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, Washington Harbour will use reasonable efforts to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by the Master Funds and the Feeder Funds to Washington Harbour and its affiliates and personnel, Washington Harbour and its affiliates and personnel will generally not be liable to the Master Funds or the Feeder Funds for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person, and the Master Funds and Feeder Funds will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Master Funds or Feeder Funds, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Master Funds and Feeder Funds (and not Washington Harbour) will benefit from any gains resulting from Trade Errors and other errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. Washington Harbour will not offset any such gains and losses resulting from Trade Errors and other errors unless the underlying transactions constitute a single transaction or closely related series of transactions. Washington Harbour will reimburse the Master Funds or Feeder Funds for losses for which Washington Harbour is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by Washington Harbour on behalf of the Master Funds, Investors should assume that Trade Errors and other errors will occur and that, to the extent permitted by applicable law and under the Funds’ respective Offering Documents, the Master Funds will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of Washington Harbour’s personnel.

**Item 13: Review of Accounts**

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Washington Harbour performs daily reviews of the Funds’ portfolios, as well as various other periodic formal and informal reviews.

Investors in the Funds generally receive monthly performance letters, as well as monthly account statements. Washington Harbour may, in its discretion, provide certain investors with additional information on a more frequent basis upon request. In addition, Washington Harbour issues investors tax reports, as well as audited financial statements concerning their respective Funds within 120 days of the end of each Fund’s fiscal year.

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

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Although Washington Harbour does not currently have and does not intend to have any third-party placement agents, Washington Harbour in the future may agree to pay third-party placement agents that refer investors to a Fund. The compensation typically paid to those placement agents includes a portion of the fixed fee and/or Incentive Allocation earned by Washington Harbour in respect of investors referred to by such placement agents. Investors are generally not subject to any incremental fees in connection with the referral unless incremental fees are payable by the investor directly to the placement agent under the terms of the separate agreement between the investor and the placement agent (to which Washington Harbour is not a party).

The referral arrangements described above involve potential conflicts of interest because the placement agent may have an incentive to favor sales of interests in a Fund over sales of other investment products for which the agent will receive no or lower fees. Prospective and existing investors should consider this potential conflict of interest when evaluating any recommendation or referral by an agent regarding an investment in a Fund.

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**Item 15: Custody**

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Washington Harbour will comply with the requirements of the Rule 206(4)-2 of the Advisers Act ("**Custody Rule**") with regards to Washington Harbour's custody of the Funds' assets. Washington Harbour is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account.

Washington Harbour does not expect to be required to comply (or expects to be deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund or SPV because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that (i) each Fund and SPV be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB), (ii) each Fund's audited financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), and (iii) each Fund distributes its audited financial statements to all Investors in the relevant Fund(s) and SPV(s) within 120 days of the end of its fiscal year.

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**Item 16: Investment Discretion**

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Washington Harbour 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. Washington Harbour's authority is limited by its own internal policies and procedures and each Fund's investment guidelines. These terms are set out in the Offering Documents of each Fund.

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**Item 17: Voting Client Securities**

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***Proxy Voting Policies and Procedures***

Washington Harbour has established proxy voting policies and procedures designed to ensure that proxies, to the extent Washington Harbour has been delegated authority to vote such proxies on behalf of the Funds and elects to vote, are voted in the best interest of the Funds. When voting proxies, Washington Harbour must identify and address material conflicts that may arise between Washington Harbour's interests and those of the Funds. Specifically, Washington Harbour monitors the potential for conflicts of interest that might arise from personal relationships that Washington Harbour or its

employees may have with parties involved in the vote, significant Investor relationships with those parties, and other special circumstances.

Washington Harbour will vote proxies as it deems necessary or appropriate, on a case by case basis. Prior to voting, the CCO will determine whether the conflict is material to the vote and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration.

Investors or clients may also contact Washington Harbour to request a copy of its proxy voting policy.

***Class Action Participation Procedures***

To the extent that Washington Harbour has discretion to participate in class action lawsuits filed against companies or issuers in which the Funds are invested, Washington Harbour may participate in such class action lawsuits if it believes that such participation is in the best interest of the Funds on a case-by-case basis.

**Item 18: Financial Information**

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Washington Harbour has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors and has not been the subject of a bankruptcy proceeding.