

## Item 1 Cover Page



# Emergent Capital Advisors, LLC

## Form ADV Part 2A Firm Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Emergent Capital Advisors, LLC (“Emergent,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (713) 965-0371. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Emergent is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Emergent is 156112.

*Emergent is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients. The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown below. This Brochure will supersede all other documents containing information about Emergent.*

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**Brochure prepared on March 31, 2021**

## Item 2 Material Changes

This Brochure contains updated information about Emergent's business since the last annual updating amendment dated March 24, 2020. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Accordingly, since the last annual update of this Brochure, dated March 24, 2020, the following material changes to Emergent's business and enhancements to disclosures have occurred:

- Item 1. Cover Page. Emergent is no longer located at 520 Post Oak Boulevard, Suite 777, Houston, Texas 77027. Effective March 31, 2021, Emergent's new principal office and place of business changed to 520 Post Oak Boulevard, Suite 457, Houston, Texas 77027.
- Item 4. Advisory Business. Revisions to regulatory assets under management.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. Updates to Certain Risk Factors under Item 8. Emergent added two (2) new risk factors: Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues, and Momentum Investing; Online Investor Forums.

In the future, this section of the Brochure will identify, address and discuss only the material changes since the last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) to assist and make you aware of certain information that has changed since the prior year's Brochure.

Pursuant to SEC Rules, Emergent will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of its business' fiscal year. Emergent may further provide other ongoing disclosure information about material changes as necessary. Emergent will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. All recipients of this Brochure are encouraged to read it carefully in its entirety.

Currently, Emergent's Brochure may be requested by contacting Mr. Sean M. Nimmo, Emergent's Chief Compliance Officer, at [smn@ecagp.com](mailto:smn@ecagp.com) or (713) 622-5790.

Additional information about Emergent is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Emergent is 156112. The SEC's web site also provides information about any persons affiliated with Emergent who are registered, or are required to be registered, as investment adviser representatives of Emergent.



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## Item 4 Advisory Business

### **Firm Background**

Emergent is a Texas limited liability company that was formed on December 9, 2010, for the purpose of providing discretionary portfolio management and investment advisory services to affiliated (sponsored) privately offered pooled investment vehicles. Emergent and its affiliates are headquartered in Houston, Texas. The primary principal owners of Emergent are ECA Strategic Partners, LLC (“ECA Strategic Partners”), a Texas limited liability company, Mr. A. John Knapp, Jr., and Knapp Children’s Trust. ECA Strategic Partners is controlled and managed by Messrs. Sean M. Nimmo and J. Abbott Sprague.

Emergent is affiliated with ECA Fund GP II, LLC, a Texas limited liability company, and ECA Fund GP, LP, a Texas limited partnership. ECA Fund GP II, LLC and ECA Fund GP, LP serve as the ultimate general partner and general partner, respectively to Emergent’s affiliated (*i.e.*, sponsored) privately offered pooled investment vehicle, ECA Fund, LP, a Texas limited partnership, and have delegated exclusive investment advisory and other authority with respect to ECA Fund, LP to Emergent. Certain employees of Emergent are also employees of other unaffiliated entities in the financial industry. These relationships are reviewed for potential conflicts of interest and supervised as necessary. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information.

### **Advisory Services**

As stated herein above, Emergent currently provides discretionary investment advisory services to one (1) affiliated (*i.e.*, sponsored) privately offered pooled investment vehicle, the ECA Fund, LP (the “Fund” or “Client”). Emergent’s investment advisory services consist of (i) the identification and selection of third-party unaffiliated investment advisers (“Investment Advisers”) and privately offered pooled investment vehicles including, without limitation, hedge funds, funds of funds, single-investor funds, co-mingled private investment partnerships and other investment fund structures managed by an Investment Adviser (referred to in this Brochure collectively as “Investment Vehicles”) for the Fund; (ii) the identification and selection of marketable or non-marketable securities and other investments (which may include Investment Vehicles) for the Fund; and (iii) investment analyses of portfolios of Investment Vehicles, using proprietary and/or nonproprietary research and analytic tools developed or incorporated by Emergent for use in connection with the Fund.

Generally, Emergent structures such Investment Adviser arrangements as sub-advisory relationships, with each Investment Adviser managing a portion of the Fund’s portfolio directly through an account established at the Fund’s prime broker (each such arrangement, a “Managed Account Relationship”). Emergent will generally seek to establish such Managed Account Relationships to allow the Fund to benefit from complete transparency over the assets and improved liquidity over the account being managed by the Investment Adviser. To the extent Emergent is not able to negotiate a Managed Account Relationship with a particular Investment Adviser, Emergent may cause the Fund to invest in an Investment Vehicle managed by the Investment Adviser (each such arrangement, an “Investment Vehicle Relationship” and, together with the Managed Account Relationships, the “Sub-Advisory Arrangements”). Emergent will seek (but is not required) to negotiate favorable fee arrangements for the Fund with respect to its Sub-Advisory Arrangements, and to the extent that Emergent enters into any Investment Vehicle Relationship, Emergent



will seek to negotiate other favorable terms, such as special liquidity rights, rights to enhanced reporting or other information, or other non-standard rights.

Emergent provides its investment advisory services to the Fund pursuant to an investment management agreement (the “*Management Agreement*”) with ECA Fund GP, LP (the “*General Partner*”) and the Fund. Information about the Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the Fund’s offering documents (*i.e.*, private placement memorandum), which are made available to investors only through Emergent or another authorized party. Emergent may tailor the specific advisory services with respect to the Fund based on the particular investment objectives and strategies described in the Fund’s confidential private placement memorandum, limited partnership agreement or other similar disclosure and governing documents (collectively, the “*governing documents*”).

Emergent’s investment advisory services consist of managing the Fund in accordance with the investment objectives, policies and guidelines set forth in the Fund’s governing documents. Accordingly, Emergent’s investment advisory services to the Fund are not tailored to the individualized needs or objectives of any particular Fund investor. An investment in the Fund by an investor does not, in and of itself, create an advisory relationship between the investor and Emergent. Investors are not permitted to impose restrictions or limitations on the management of the Fund. The Fund’s General Partner may enter into side letter agreements or arrangements with one or more investors in the Fund that alter, modify or change the terms of the interests held by such investors. The type of Fund to which Emergent provides investment management services is more fully disclosed in Emergent’s Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure.

The investment objective of Emergent is to deliver equity-like returns over a full market cycle. The Fund seeks lower volatility and better downside protection than the U.S. equity market, with low to moderate correlation primarily through the use of a “multi-manager” investment approach. To achieve this objective, Emergent intends to allocate the majority of the Fund’s investment assets to Investment Advisers. Emergent will have the right to remove and replace the Investment Advisers or any successor Investment Adviser at any time in its discretion. Emergent seeks to identify independent “niche” Investment Advisers with whom the Fund will invest, either through Managed Account Relationships or through Investment Vehicles. Emergent will seek maximum transparency to understand overall market exposure, and therefore generally prefers to structure the Fund’s investments as separately managed accounts or single-investor funds. Generally, Emergent seeks to allocate to a variety of Investment Advisers, including those that are considered emerging managers. *See Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for more information on Emergent’s selection process of the Investment Advisers.

Prospective clients and prospective client investors must consider whether a particular Emergent advisory relationship is appropriate for their own circumstances based on all relevant factors including, but not limited to, the prospective client’s own investment objectives, liquidity requirements, tax situation, and risk tolerance. Prospective clients are strongly encouraged to undertake appropriate due diligence including, but not limited to, a review of governing documents relating to the proposed investment program for the Fund and to investigate additional details about Emergent’s investment strategies, methods of analysis, and related risks, before making an investment decision or committing to a service provided by Emergent.



**ALL DISCUSSION OF THE FUND IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING THE FUND, AND CONFLICTS OF INTEREST FACED BY EMERGENT IN CONNECTION WITH THE MANAGEMENT OF THE FUND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FUND'S RESPECTIVE GOVERNING DOCUMENTS.**

**Wrap Fee Disclosure**

Emergent does not participate in or sponsor any wrap fee programs.

**Regulatory Assets Under Management**

As of December 31, 2020, Emergent managed approximately \$66,847,114 of advisory assets, of which all were on a discretionary basis and none were on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, *i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Emergent reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 5 Fees and Compensation

In consideration for Emergent's advisory and other services, Emergent generally is entitled to receive management fees, and may receive performance allocations, with respect to the Fund. The specific payment terms and other conditions of management fees and performance allocations available to Emergent are set forth in the Fund's governing documents, side letters and/or fee agreements. While the fees and compensation applicable to the Fund are described in detail in the Fund's governing documents, side letters and/or fee agreements, an overview of Emergent's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

**Sub-Advisory Arrangements.** Emergent and the Fund's General Partner, which is an affiliate of Emergent, intend to be compensated for their services to the Fund by negotiating lower management fees and performance compensation for the Fund when entering into Sub-Advisory Arrangements, as such term is defined herein above in Item 4 of this Brochure, and charging a management fee and performance allocation at the Fund level relating to each Sub-Advisory Arrangement equal to the difference between the Investment Advisor's "standard compensation terms" and the negotiated fees/allocations to be paid by the Fund (the foregoing compensation arrangements, collectively, "Investment Compensation Arrangements"). The negotiated difference on management fees is the "Negotiated Fee Percentage" and the negotiated difference on performance compensation is the "Negotiated Performance Percentage."

With respect to any Investment Advisor, "Standard Compensation Terms" means the terms that such Investment Advisor offers to third party investors in a commingled investment vehicle or standardized separate account platform for the same or substantially similar investment strategy as that being considered by the Fund. An Investment Advisor's Standard Compensation Terms may exceed a 2% management fee on net assets and a 20% net profit incentive fee/allocation.

Since investors are not generally permitted to withdraw their investment in the Fund more frequently than quarterly, refunds of management fees are not available to Fund investors. Performance compensation paid under the Negotiated Performance Percentage are payable annually in arrears. All performance compensation payable to Emergent or the Fund's General Partner will be consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Following are examples of Investment Compensation Arrangements for Managed Account Relationships:

- *Example 1:* If an Investment Adviser's Standard Compensation Terms provide for an annual management fee of 2.0% of the Fund's capital account balance invested with the Investment Adviser and a 20% performance allocation/fee and the Fund negotiates to pay a 1.5% management fee and 17% performance allocation/fee to the Investment Adviser, then Emergent may charge up to a 0.50% management fee and the General Partner may be entitled to a performance allocation of up to 3%.
- *Example 2:* If the Fund invests through a Managed Account Relationship where the Investment Adviser has no Standard Compensation Terms and the Fund negotiates to pay a 1.0% management fee with no incentive fee, then Emergent may take up to a 1% management fee and the General





Partner to up to a 20% performance allocation from the Fund in respect of that Managed Account Relationship.

- *Example 3:* If an Investment Adviser's Standard Compensation Terms provide for a 1.5% management fee and a 15% performance allocation/fee and the Fund negotiates to pay a 1.0% management fee and 10% performance allocation/fee to the Investment Adviser, then Emergent may be entitled to up to a 0.5% management fee and the General Partner may be entitled to up to a 5% performance allocation, each at the Fund level.
- *Example 4:* If an Investment Adviser's Standard Compensation Terms provide for a 3% management fee and 25% performance fee/allocation and the Fund negotiates to pay a 2% management fee and a 20% performance allocation/fee, then Emergent may take up to a 1% management fee and the General Partner may be entitled to up to a 5% performance allocation, each at the Fund level.

Following are examples of Investment Compensation Arrangements for Investment Vehicle Relationships:

- *Example 1:* If an Investment Adviser's Standard Compensation Terms provide for an annual management fee of 2.0% of the Fund's capital account balance invested with the Investment Adviser and a 20% performance allocation/fee and the Fund negotiates to pay a 1.5% management fee and 17% performance allocation/fee to the Investment Adviser, then Emergent may be entitled to receive a 0.50% management fee and a performance allocation of up to 3%, to be paid in a cash payment directly to Emergent by the Investment Adviser.
- *Example 2:* If an Investment Adviser's Standard Compensation Terms provide for a 1.5% management fee and a 15% performance allocation/fee and the Fund negotiates to pay a 1.0% management fee and 10% performance allocation/fee to the Investment Adviser, then Emergent may be entitled to receive up to a 1% management fee and up to a 10% performance allocation, to be paid in a cash payment directly to Emergent by the Investment Adviser.
- *Example 3:* If an Investment Adviser's Standard Compensation Terms provide for a 3% management fee and 25% performance fee/allocation and the Fund negotiates to pay a 2% management fee and a 20% performance allocation/fee, then Emergent may be entitled to receive a 1% management fee and up to a 5% performance allocation, to be paid in a cash payment directly to Emergent by the Investment Adviser.

In certain circumstances the Fund may pay an Investment Advisor's Standard Compensation Terms and the Investment Advisor (or applicable Investment Vehicle) will rebate or pay to the Investment Manager or one of its affiliates, the amount of the Negotiated Fee Percentage and Negotiated Performance Percentage (as applicable) (such arrangements, "Rebate Arrangements").

Any performance allocation taken with respect to an Investment Compensation Arrangement will only be taken if the applicable Investment Adviser is entitled to a performance allocation/fee in respect of that Sub-Advisory Arrangement. The performance allocations in respect of Investment Compensation Arrangements will be calculated and taken on an Investment Adviser by Investment Adviser basis and will not be aggregated with or offset by one another; furthermore, in the case of a Managed Account Relationship, these performance allocations will be debited against the capital account of each investor of





the Fund and simultaneously credited to the capital account of the General Partner as of the end of each fiscal year (or such other times as incentive compensation may be due to an Investment Adviser).

Emergent and the Fund's General Partner, in the case of a Managed Account Relationship, will be entitled to Investment Compensation Arrangements regardless of (i) the aggregate performance of all Sub-Advisory Arrangements; or (ii) the overall performance of the Fund.

**Investors in the Fund should be aware and understand that the Fund's primary investment strategy creates a significant conflict of interest for Emergent and the Fund's General Partner.** The investment strategy of the Fund is to invest with Investment Advisers that Emergent's believes offer attractive investment opportunities. However, Emergent will typically only cause the Fund to invest with Investment Advisers if Emergent is able to successfully structure the desired compensation arrangements. This creates a conflict of interest because Emergent will have incentive to invest only with those Investment Advisers that are willing to enter into such arrangements, which necessarily excludes investment opportunities with managers that are not willing to do so, even if these latter investment opportunities are attractive. While Emergent will attempt to negotiate more favorable terms for the Fund as compared to other investors or clients of an Investment Adviser, this may also require the Fund to agree to certain terms that may be less favorable (for example, the Fund may get more favorable fees, but agree to a longer lock-up period). Emergent will negotiate these terms in good faith, but will take into consideration not only the interests of the Fund, but also the related compensation arrangements of Emergent and the Fund's General Partner. There is no guarantee that Emergent will be able to agree to more favorable terms with Investment Advisers and may enter into Sub-Advisory Arrangements on standard terms if Emergent so determines.

### **Other Fees and Expenses**

**Organizational Expenses.** The Fund bears the expenses of the organization of the Fund and the offering of Fund interests (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses) as well as costs associated with the organization of the General Partner and Emergent incurred prior to the commencement of the Fund's operations. The organizational expenses borne by the Fund are more fully described in the Fund's governing documents.

**Operating Expenses.** The Fund, subject to its governing documents, will typically pay or otherwise bear all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the "Operating Expenses"). The Operating Expenses of the Fund are set forth in its governing documents and/or through side letters and may include, without limitation, the following fees, costs and expenses related to or arising from the Fund's investment program, including the compensation of Investment Advisers, other costs associated with specific investment transactions effected, or positions held, for the Fund's account, including all fees and costs of, and incidental to, entering into the Sub-Advisory Arrangements (which may include the purchase and sale of interests in Investment Vehicles). Operating expenses of the Fund may also include costs relating to conducting due diligence on the Investment Advisers and, to the extent applicable, on prospective Investment Vehicles; investment-related research; expenses related to proxies, underwriting and private placements; brokerage fees and commissions, expenses relating to clearing and settlement charges; interest on debt balances or borrowings; custody fees; and any withholding or transfer taxes imposed on the Fund.



The Fund also bears all out-of-pocket costs of the operation and administration of the Fund. Such expenses include financing, compliance, operations, accounting, tax, audit and legal expenses, fees paid to the Fund's administrator, costs of any litigation or investigation involving the Fund's activities, costs associated with reporting and providing information to existing and prospective Fund investors and insurance (including a reasonably allocated portion of the premiums for any directors' and officers' or errors and omissions coverage purchased by Emergent or the Fund's General Partner and that would offset some portion of the Fund's indemnity obligations). The direct expenses borne by the Fund are more fully described in the Fund's governing documents.

The Fund does not have its own separate employees or office and does not reimburse Emergent of the Fund's General Partner for salaries, bonuses, benefits, office rent and other general overhead costs of Emergent or of the Fund's General Partner. A portion of the commissions generated on the Fund's brokerage transactions may generate "soft dollar" credits that Emergent is authorized to use to pay for research and research related services and products used by Emergent. See *Item 12 –Brokerage Practices* of this Brochure for more information.

### **Miscellaneous**

Emergent and its affiliates will benefit from Emergent's relationship with and its receipt of management fees from the Fund. Such Management fees and relationship will enhance the value of Emergent, and the Fund investors (other than those Fund investors holding direct or indirect interests in Emergent) will not participate in any increase in the value of Emergent.

The Fund's General Partner and/or Emergent generally may have the unilateral discretion to waive or modify the application of certain provisions of the Fund's governing documents with respect to an investor (including those related to fees, performance allocations, transparency, and withdrawals) without obtaining the consent of any other investor. The Fund's General Partner may, in its sole discretion, charge lower management fees and/or performance allocations or waive account minimums based on certain factors the Fund's General Partner deems relevant. However, the Fund's General Partner may be limited in its ability to negotiate fees due, in part, to existing side letters and/or fee agreements, which require equivalent pricing. Under the terms of these agreements, the Fund's General Partner is generally required to charge equivalent pricing.

The Fund's General Partner may also enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors, providing revised economic terms, including, but not limited to, distribution provisions with respect to such limited partner that differ from those described in the Fund's governing documents. A conflict may arise where some Fund investors receive more favorable overall economic terms and other Fund investors will not participate in such terms.

### **Other Compensation Arrangements**

With respect to certain Investment Vehicle Relationships, Emergent does not receive a management fee due to certain restrictions imposed by the governing documents and/ or related side letters applicable to the Investment Vehicle. In such instances certain supervised persons of Emergent who are associated persons of an unaffiliated broker dealer do receive compensation with respect to the Fund's investments for which



a management fee is not charged. This creates a conflict of interest because such supervised persons of Emergent who are associated persons of an unaffiliated broker dealer will have incentive to invest only with those Investment Advisers that are willing to enter into such arrangements, which necessarily excludes investment opportunities with managers that are not willing to do so, even if these latter investment opportunities are attractive. Emergent will evaluate such arrangements in good faith, but will take into consideration not only the interests of the Fund, but also the related compensation arrangements of such supervised persons of Emergent who are associated persons of an unaffiliated broker dealer. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information.

Additionally, Emergent receives compensation with respect to soliciting clients to unaffiliated investment advisers. Such third-party client solicitation arrangements are made in compliance with Rule 206(4)-3 of the Advisers Act (the “Cash Solicitation Rule”), which requires that, among other things, compensation to Emergent, as a solicitor for client referrals to an unaffiliated investment adviser, be made pursuant to a written agreement and, for Emergent to provide to each person solicited for an unaffiliated investment adviser’s advisory services, a written disclosure statement (the “Solicitor’s Disclosure Statement”) and current copy the unaffiliated investment adviser’s Part 2A of Form ADV brochure. Generally, the terms of such arrangements will vary but call for the unaffiliated investment adviser to pay Emergent a fee equal to a percentage of capital contributions, management fees, performance allocations, or a combination of such contributions or fees borne by each client introduced to an unaffiliated investment adviser by Emergent. See *Item 14 – Client Referrals and Other Compensation* of this Brochure for more information.



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

As stated in Item 5 above of this Brochure, the Fund's General Partner, an affiliate of Emergent, receives a performance allocation from the Fund. Such payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to "qualified clients" (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, Emergent has implemented policies and procedures to ensure that all of its advisory clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.



## Item 7 Types of Clients

As discussed in Item 4 – Advisory Business of this Brochure, Emergent provides discretionary portfolio management and investment advisory services to one (1) affiliated (*i.e.*, sponsored) privately offered pooled investment vehicle (*e.g.*, the Fund) for sophisticated, qualified investors, including high net worth individuals, pension plans, funds of funds, family offices, endowments, and other institutions. Emergent provides its investment advisory services to the Fund pursuant to a Management Agreement with Fund's General Partner and the Fund. Information about the Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the Fund's offering documents (*i.e.*, private placement memorandum), which are made available to investors only through Emergent or another authorized party

The minimum investment in the Fund is \$500,000, although Emergent may accept investments in a lesser amount at its sole discretion. In addition, Emergent reports its minimum investment limits required of an investor for the Fund in Schedule D, Section 7.B.(1) – Private Fund Reporting of Part 1 Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Emergent is 156112.

Generally, investors participating in the Fund are required to meet certain suitability and net worth qualifications, such as (i) an “accredited investor” within the meaning of Rule 501 of Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or (ii) a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”). As such, the Fund Emergent manages is exempt from registration as an investment company through the exemption provided by Sections 3(c)(1) and/or 3(c)(7) of the 1940 Act. Typically, each investor in a private fund that is exempt from the registration requirements under Section 3(c)(7) of the 1940 Act is required to qualify as a “qualified purchaser” within the meaning of Section 2(a)(51) of the 1940 Act and is required to certify that they are at least an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act and non-U.S. investors are required to certify that they meet the requirements of the Regulation S safe harbor under the Securities Act. Where Emergent does not charge Performance-Based Fees to a particular Fund investor, such investors will only be required to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act. As noted above in Item 6 of this Brochure, if Emergent collects performance related compensation, investors will be required to meet the requirements of Rule 205-3 under the Advisers Act and certify that they are at least a “qualified client.” A potential investor in the Fund should read and review all governing documents in their entirety for specific investor qualifications and before making any investment decisions.

To help the U.S. Government fight the funding of terrorism and money laundering activities, Emergent may seek to obtain, verify, and record information that identifies each investor who invests in the Fund. In this regard, when an investor seeks to open an account with Emergent or invest in a Fund managed by Emergent (including a separately managed account), Emergent may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow Emergent to identify the investor. Emergent may ask for information and documentation regarding source of funds to be invested. Emergent also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor.



Emergent may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow Emergent to identify such beneficial owners. Emergent may also request such other information as may be necessary to comply with applicable law. Furthermore, Emergent may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, Emergent may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.



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

### **Investment Objective**

Emergent's investment objective is to deliver equity-like returns over a full market cycle. The Fund seeks lower volatility and better downside protection than the U.S. equity market, with low to moderate correlation primarily through the use of a "multi-manager" investment approach. To achieve this objective, Emergent intends to allocate the majority of the Fund's investment assets to Investment Advisers. Emergent will have the right to remove and replace the Investment Advisers or any successor Investment Adviser at any time in its discretion.

### **Investment Overview**

#### *Investments with Investment Advisers*

As stated above in Item 4 – Advisory Business of this Brochure, Emergent will pursue its objective by allocating a majority of the Fund's capital among various Investment Advisers. Emergent intends to structure the majority of such arrangements as sub-advisory relationships, with each Investment Adviser managing a portion of the Fund's portfolio directly through a Managed Account Relationship, which is an account established at the Fund's prime broker. Emergent will seek to establish Managed Account Relationships to allow the Fund to benefit from complete transparency over the assets and improved liquidity over the account being managed. To the extent Emergent is not able to negotiate a Managed Account Relationship with a particular Investment Adviser, Emergent may cause the Fund to invest in an Investment Vehicle.

Emergent seeks to identify independent "niche" Investment Advisers with whom the Fund will invest, either through Managed Account Relationships or through Investment Vehicles. Emergent will seek maximum transparency to understand overall market exposure, and therefore generally prefers to structure the Fund's investments as separately managed accounts or single-investor funds. Emergent intends to allocate to a variety of Investment Advisers, including those that are considered emerging managers, which generally have less than \$1 billion in assets under management.

The selection process of the Investment Advisers is key to the Fund's success. The first criteria evaluated by Emergent are the character and integrity of the Investment Adviser and its personnel. Other criteria are the experience, discipline, performance and style of the Investment Adviser. Emergent will seek to avoid those Investment Advisers that do not offer an acceptable level of transparency. As noted above, Emergent prefers to structure the Fund's investments through separate accounts or single-investor funds managed by these emerging managers, as compared to co-mingled investment vehicles. While the Investment Advisers will each have their own style and discipline, Emergent places an emphasis on the concentration of each individual portfolio. The Fund will only invest in Investment Vehicles that provide an annual audit by a nationally or internationally recognized auditing firm.

In addition to selecting the Investment Advisers, Emergent will periodically rebalance the Fund's portfolio of Sub-Advisory Arrangements taking care to reduce exposure in those styles that Emergent believes have outperformed over a period of time and adding exposure to those sectors which have underperformed. While Emergent seeks to reduce risk and increase returns, it may fail to do so. However, Emergent does





not intend to allocate more than twenty percent (20%) of the Fund's assets (measured at the time of investment) to any one Investment Adviser.

Emergent intends to implement a value-oriented investment strategy that relies on detailed, security-specific fundamental research. Critical to this investment strategy is the identification of a meaningful expectations gap that exists between the market price of a security and what Emergent's research indicates is the likely or probabilistic outcome over the investment time horizon.

The investment objectives and methods summarized above represent Emergent's current intentions. Depending on conditions and trends in the securities markets and the economy in general, Emergent may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interests of the Fund. The foregoing discussion includes and is based upon numerous assumptions and opinions of Emergent concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that Emergent's investment strategy will achieve profitable results.

### **Risks of Loss**

**Current and potential Fund investors should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and investors should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of the Fund's investments fluctuates due to market conditions and other factors. The investment decisions made and the actions taken for the Fund are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of the Fund is not indicative of future performance.**

### **CERTAIN RISK FACTORS**

Investment in the Fund is speculative and involves certain risks. Certain of these risks are summarized below. The Fund may not be suitable for all investors, and is intended for sophisticated investors who can accept the risks associated with its investments. Investors will not have recourse except with respect to the assets of the Fund. Prospective investors should consider, among others, the risk factors described in this section.

**Market Risks.** The achievement of Emergent's investment objectives is not assured and will depend upon factors beyond the control of Emergent and the Investment Advisers with which the Fund is invested, which factors are unpredictable at this time and can materially and adversely affect the success of the Fund. Such factors include, but are not limited to, general economic conditions at the international, national, state and local level, inflation, an increase or decrease in interest rates, the federal budget deficit or trade deficits, a change in the political environment or applicable laws or regulations, a change in the general perceptions or psychology of investors, natural disasters and international conflicts. These factors, and other factors not listed, can cause the rise and fall of common stock prices of particular issuers or throughout entire financial markets. Some market conditions may favor growth stocks or stocks of small companies, while other conditions may favor value stocks or stocks of larger companies.



***Risks of Securities Activities.*** All securities investing and trading activities risk the loss of capital. Although Emergent will attempt to moderate these risks, no assurance can be given that the Fund's investment activities will be successful or that investors in the Fund will not suffer losses. Despite a strict due diligence procedure used to select and monitor the individual Investment Advisers with which the assets of the Fund are invested, there can be no assurance that the past performance information will be indicative of how such Investment Advisers will perform (either in terms of profitability or correlation) in the future. Upon a withdrawal of interests or the liquidation of the Fund, investors may receive less than the amount invested. To the extent that a portfolio of the Fund is concentrated in securities of a single issuer or issuers in a single industry, the risk of any investment decision made by the Investment Adviser of such portfolio is increased.

***Dependence on Management and Investment Advisers.*** The success of the Fund is dependent upon the ability of Emergent, who has the exclusive right to manage the business of the Fund. The success of the Fund also depends upon the abilities of the Investment Advisers. Pursuant to the agreements entered into with each Investment Adviser, such Investment Adviser will have full and complete discretion and authority to invest and reinvest a portion of the Fund's assets. While each Investment Adviser has substantial experience in managing portfolios of securities of the types in which the Fund intends to invest, there is no assurance that its future performance will be as successful as its past performance. In addition, the performance of each Investment Adviser will be dependent on certain key personnel of such Investment Adviser. If some or all of such personnel resign from such Investment Adviser, or otherwise become unavailable to manage the Fund's investments, such Investment Adviser's performance could be adversely affected.

***Industry Competition.*** The securities industry and the varied strategies and techniques to be employed by Emergent are extremely competitive and each involves a degree of risk. Emergent will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

***Investment Authority.*** Substantially all decisions with respect to the management of the Fund are made by Emergent, including all of the trading and investment decisions of the Fund. A Fund's investors have no right or power to take part in the management of the Fund. Emergent has the right to remove and replace the Investment Advisers without the prior consent of the Fund's investors. In the event of the withdrawal or bankruptcy of Emergent, generally the Fund will be liquidated.

***Control over Investment Advisers.*** Emergent will invest with Investment Advisers that Emergent believes will generally, and in the aggregate, manage consistent with the Fund's investment objective and strategy. Emergent does not control the Investment Advisers, however, and there can be no assurances that an Investment Adviser will manage the Fund's assets in a manner consistent with the Fund's investment objective and strategy.

***Diversification.*** Because the Fund's portfolio will not necessarily be widely diversified, the investment portfolio of the Fund may be subject to more rapid changes in value than would be the case if the Fund were required to maintain a wide diversification among Investment Advisers.

***Valuations.*** From time to time, certain situations affecting the valuation of a Fund's investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of



service providers to the Fund) could have an impact on the net asset value of the Fund, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. Emergent is not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

***Withdrawal Restrictions and Limited Transferability of Interests.*** There are severe restrictions on withdrawals from the Fund and on transfers of limited partner interests in the Fund. The prior written consent of a Fund's General Partner, an affiliate of Emergent, is required for a transfer of an interest in the Fund. Because of the restrictions on withdrawals and transfers, an investment in a Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for Fund interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

***Leverage.*** Subject to applicable margin and other limitations, Emergent may cause a Fund to borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. The use of leverage may increase the volatility of the Fund and, consequently, the effect of fluctuations in the market value of the Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. Also, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

***Illiquidity.*** The investments made by Emergent on behalf of the Fund may be illiquid, and consequently Emergent may not be able to sell such investments at prices that reflect Emergent's assessment of their value or the amount paid for such investments. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by Emergent and other factors. Furthermore, the nature of the investments made by Emergent on behalf of the Fund, especially those in financially distressed companies, may require a long holding period prior to profitability.

***Non-Public Information.*** From time to time, Emergent may come into possession of non- public information concerning specific companies. Under applicable securities laws, this may limit Emergent's flexibility to buy or sell portfolio securities issued by such companies. The Fund's investment flexibility may be constrained as a consequence of Emergent's inability to use such information for investment purposes.

***Short Sales.*** Emergent may enter the Fund into transactions, known as "short sales," in which the Fund sells a security it does not own in anticipation of a market decline in the market value of the security. Short sales by the Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. Emergent may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, Emergent might have difficulty purchasing securities to meet its short sale delivery obligations and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

***Turnover.*** Emergent may invest on the basis of short-term market considerations. The portfolio turnover rate of these investments may be significant, potentially involving substantial brokerage commissions and fees. Neither Emergent nor the Principals will receive a portion of such commissions and fees. In addition,



the withdrawal of the Fund from an account with an Investment Advisor or an Investment Vehicle could involve expenses to the Fund under the terms of the Fund's investment.

**Cybersecurity.** The computer systems, networks and devices used by Emergent and its various service providers to carry out routine business operations (including investment advisory services) employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. The Fund and its investors could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to the Fund; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting companies or issuers of securities in which the Fund invests; trading counterparties and prime brokers utilized by the Fund; exchange and other financial market operators; administrators; auditors; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

**Legal and Regulatory Changes.** Legal, tax and regulatory changes could occur that may adversely affect the Fund. New (or revised) laws or regulations or interpretations of existing laws may be issued by the Internal Revenue Service ("IRS"), the Commodity Futures Trading Commission (the "CFTC"), the SEC, the Federal Reserve or other banking regulators, or other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Fund. The Fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. For example, there has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. It is impossible to predict what, if any, changes in regulations may occur, but any regulation that restricts the ability of the Fund to trade in securities could have a material adverse impact on the Fund's performance.

In addition, the securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The CFTC, the SEC, the Federal Deposit Insurance Corporation, other regulators, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of securitization and derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

In addition, the U.S. government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements. The CFTC, SEC and other federal regulators have been tasked with developing the rules and regulations enacting the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The European Union (and some other countries) are implementing similar requirements that will affect the Fund when it enters into derivatives transactions with a counterparty organized in that country or otherwise subject to that country's derivatives



regulation. The U.S. government and the European Union have adopted mandatory minimum margin requirements for bilateral derivatives. Such requirements could increase the amount of margin required to be provided by the Fund in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive. While certain of the rules are effective, other rules are not yet final and/or effective, so their ultimate impact remains unclear.

The CFTC and certain futures exchanges have established limits, referred to as “position limits,” on the maximum net long or net short positions which any person or entity may hold or control in particular options and futures contracts. The CFTC has proposed position limits for certain swaps. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the Fund does not intend to exceed applicable position limits, it is possible that different clients managed by Emergent and its affiliates may be aggregated for this purpose. Although it is possible that the trading decisions of Emergent may have to be modified and that positions held by the Fund may have to be liquidated in order to avoid exceeding such limits, Emergent believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of the Fund. The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring monthly public disclosure in the future. In addition, other non-U.S. jurisdictions where the Fund may trade have adopted reporting requirements. If the Fund’s short positions or its strategy become generally known, it could have a significant effect on Emergent’s ability to implement its investment strategy. In particular, it would make it more likely that other investors could cause a “short squeeze” in the securities held short by the Fund forcing the Fund to cover its positions at a loss. Such reporting requirements may limit Emergent’s ability to access management and other personnel at certain companies where Emergent seeks to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Fund, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to the Fund could decrease drastically. Such events could make the Fund unable to execute its investment strategy. Short sales are also subject to certain SEC regulations. If the SEC were to adopt additional restrictions regarding short sales, they could restrict the Fund’s ability to engage in short sales in certain circumstances, and the Fund may be unable to execute its investment strategy as a result.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases, have adopted) bans on short sales of certain securities in response to market events. Bans on short selling may make it impossible for the Fund to execute certain investment strategies and may have a material adverse effect on the Fund’s ability to generate returns.

**Regulatory Risk.** There can be no assurance that Emergent or its Clients or any of their respective affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against Emergent or its Clients or any of their respective affiliates or such sanction is small in monetary amount, Emergent, its Clients and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.



***Cybersecurity and Electronic Systems Risk.*** Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Emergent increasingly relies upon information and technology systems to conduct its business. Such systems might, in some circumstances, be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect Emergent's Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which Emergent's Clients invest, harm Emergent's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

### **Specific Risks**

*Investments by a Fund in the securities and financial instruments utilized by Emergent involve a high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risks factors below are not intended to be exhaustive. Prospective investors should carefully review the risks described in the applicable Client's governing documents.*

***Sub-Advisory Arrangements.*** Although Emergent will receive information from each Investment Adviser regarding its investment performance and investment strategy, Emergent may have little or no means of independently verifying this information. An Investment Adviser may use proprietary investment strategies that are not fully disclosed to Emergent, which may involve risks under some market conditions that are not anticipated by Emergent. The performance of the Fund largely depends on the success of Emergent in selecting Investment Advisers for investment by the Fund and the allocation and reallocation of Fund assets among those Investment Advisers. Past results of Investment Advisers selected by Emergent are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

***Unspecified Investments.*** Emergent intends to primarily invest Fund assets with Investment Advisers that pursue a speculative investment policy. Investments with these Investment Advisers generally fall in the category commonly known as "hedge funds" or "alternative investments." Some investments may also be made with Investment Advisers whose investment strategies involve trading in commodities futures and options, currencies and currency contracts or financial instruments. Thus, such Investment Advisers employ specific investment and trading techniques such as investments in options, use of futures or short sales of securities. Emergent will seek to achieve risk diversification by selecting Investment Advisers with different investment styles or that invest in different areas. Nonetheless, there are only very limited constraints on the investment strategies and techniques that can be employed by the Investment Advisers. Furthermore, each Investment Adviser with which the Fund invests has its own investment policy as set





forth in a prospectus, confidential offering memorandum or investment management agreement for the account or Investment Vehicle managed by that Investment Adviser.

**Forward Contracts.** Emergent may enter a Fund into forward contracts for the trading of certain investments, such as currencies and precious metals, with U.S. and foreign banks and currency and precious metals dealers and counterparties. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. None of the SEC, the Commodity Futures Trading Commission, or banking authorities regulate trading in forward contracts on currencies, and foreign banks are not regulated by any U.S. governmental agency. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. A Fund will absorb the “bid-ask” spread incorporated into the price of forward contracts.

**Smaller Capitalization Issuers.** The Fund may invest in smaller capitalization companies. Investments in smaller capitalization companies often involve significantly greater risks than the securities of larger, better-known companies because they may lack the management expertise, financial resources, product diversification and competitive strengths of larger companies. The prices of the securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, as these securities typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. In addition, when selling large positions in small capitalization securities, the seller may have to sell holdings at discounts from quoted prices or may have to make a series of small sales over a period of time.

**Distressed Securities.** Certain of the companies in whose securities Emergent may invest Fund assets may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies’ securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies. The Fund’s investment in any instrument may not be subject to any minimum credit standard and a significant portion of the obligations and preferred stock in which the Fund may invest may be less than investment grade, which may result in the Fund experiencing greater risks than it would if investing in higher rated instruments.

**Investments in PIPEs.** Emergent may invest the Fund in PIPE transactions. A PIPE transaction is a private placement of either newly issued shares of common stock (or debt or equity securities convertible into shares of common stock) or shares of common stock held by selling stockholders (or a combination of primary and secondary shares) of an already-public company that is made to accredited investors usually through a placement agent. Investors in a “traditional” PIPE transaction commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC’s preparedness to declare effective a resale registration statement covering the resale from time to time of the





shares sold in the private placement. Investors in a “non-traditional” PIPE transaction commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the issuer’s preparedness to file with the SEC within a specified period of time a resale registration statement covering the resale from time to time of the shares sold in the private placement. In such a transaction, the shares purchased by the investor are restricted, or unable to be sold or transferred from anywhere from six months to a year, depending on whether the investor is affiliated with the issuer and whether or not the issuer complies with current public information requirements. The Fund may invest in non- traditional PIPE transactions. While it is standard in a PIPE transaction to obtain registration rights, under certain circumstances the Fund may enter into a PIPE transaction in which it will not receive registration rights in connection with their investment. These factors may affect the ability of Emergent to liquidate the Fund’s positions in PIPEs.

***Repurchase and Reverse Repurchase Agreements.*** Repurchase and reverse repurchase agreements involve a sale or purchase of a security by the Fund to or from a bank or securities dealer and the Fund’s simultaneous agreement to repurchase or sell the security for a fixed price (reflecting a market rate of interest) on a specific date. These transactions involve a risk that the other party to a repurchase or reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to the Fund. Repurchase and reverse repurchase transactions are a form of leverage that may also increase the volatility of the Fund’s investment portfolio.

***Purchasing Initial Public Offerings.*** The Fund may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include a limited number of shares available for trading, lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near- term prospects of achieving revenues or operating income.

***Derivatives.*** Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party



with whom the Fund contracts for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

***Foreign Securities.*** Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

***Foreign Currency Transactions.*** Emergent may engage in foreign currency transactions for a variety of purposes, including to “lock in” the U.S. dollar value, between trade and settlement date, of a security the Fund has agreed to buy or sell, or to hedge the U.S. dollar value of securities the Fund already owns. Emergent may also engage in foreign currency transactions for non-hedging purposes to generate returns.

Foreign currency transactions may involve, for example, the purchase of foreign currencies for U.S. dollars or the maintenance of short positions in foreign currencies. Foreign currency transactions may involve the Fund agreeing to exchange an amount of a currency it does not currently own for another currency at a future date. The Fund would typically engage in such a transaction in anticipation of a decline in the value of the currency it sells relative to the currency that the Fund has contracted to receive in the exchange. Emergent’s or an Investment Adviser’s success in these transactions will depend principally on its ability to predict accurately the future exchange rates between foreign currencies and the U.S. dollar.

***Emerging Markets.*** Investing in emerging markets or lesser-developed countries involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economies; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Fund’s securities and cash with non-U.S. brokers and securities depositories.

***Options.*** Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the



underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

***Futures.*** Engaging in transactions in futures contracts involves risk of loss to the Fund that could adversely affect the value of the Fund's net assets. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses. Successful use of futures also is subject to Emergent's or an Investment Adviser's ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to determine the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

***Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.*** Emergent's business activities as well as the management and operations of the Fund and its investments, could be materially adversely affected by pandemics, epidemics, and outbreaks of disease globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Although the long-term effects or consequences of novel coronavirus (or COVID-19) and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics, and other outbreaks of disease, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which could adversely affect the business, financial condition, and operations of Emergent and/or the Fund. Should these or other major public health issues, including pandemics, arise or spread further (or continue to spread or materially impact the day to day lives of persons around the globe), Emergent and the Fund could be adversely affected by more stringent travel restrictions, additional limitations on Emergent's operations or business and/or governmental actions limiting the movement of people between regions and other activities to otherwise stop the spread or continued spread of any disease or outbreak.

***Momentum Investing; Online Investor Forums.*** Momentum investing by groups of individual retail investors and/or investment professionals could adversely impact the value of one or more of the Fund's holdings. In 2020 and early 2021, retail investors' participation in U.S. equity order flows significantly increased as a result of numerous factors, including lockdowns during the COVID-19 pandemic, receipt of



policy stimulus checks, low interest rates, and a proliferation of trading apps that allow smartphone users to buy or sell stocks for little or no fees. The impact of retail participation in the stock market is compounded by several factors. First, many retail investors buy and sell options on stocks and/or use margin made available by retail trading platforms, which has the effect of leverage and increases the volatility of the stock prices when trading occurs in large aggregate volumes. Second, online discussions about stocks on social media platforms such as Reddit, Twitter and Facebook have served as a venue for retail traders and analysts to collaborate and form collective views about specific issuers and trading, resulting in significant share price volatility that is not based on fundamental news or traditional valuation metrics. This momentum trading has been disruptive to traditional market operations (including market participants, such as brokers that may be required by clearing and settlement companies to post additional capital to settle trades) and is contrary to investments driven by fundamental research and valuation metrics generally and has significantly affected the trading prices of stocks of several companies in early 2021, most notably, GameStop and AMC. Moreover, these forums appear to be gaining influence among retail traders, leading to a greater likelihood that additional securities in the future will be the subject of collective momentum trading based on the populist consensus in the forums. A portion of such trading appears to have an “anti-Wall Street” sentiment pursuant to which investors take contrary positions to those of asset managers often in an attempt to cause a “short squeeze.” A short squeeze occurs when a stock price jumps sharply higher, forcing investors that had bet that its price would fall by holding a short position, to buy it long in order to forestall even greater losses. A market requirement that short sellers must post additional capital to cover the declining value of their short positions or to close out their short positions by buying such securities long adds to the upward momentum of the stock’s price. In turn, this may lead to investors (including retail momentum traders collaborating on social media platforms) to continue to buy the stock long, further increasing the price of the stock while open short positions further decline in value. “Anti-Wall Street” and contrarian investors attempt to anticipate a short squeeze and buy stocks that demonstrate a strong short interest. However, there is no way to predict what issuers, if any, will become the subject of such trading. Third, the impact of such retail participation may or may not also be accompanied by participation by investment professionals, further increasing the effect of such trading.

The share price swings resulting from retail momentum trading have caused, and could continue to cause, losses to longer-term and fundamental investors as well as investors that trade stocks based on historic market patterns or behavior, including the Fund. The Fund could suffer substantial losses if they were short a stock that is the subject of retail momentum trading, as in the case of a short squeeze. Additionally, because these retail momentum trading patterns are not based on fundamental analysis or traditional valuation metrics, the Fund could suffer losses on long positions it holds as a result of momentum driven sales. More generally, the significant volatility resulting from these retail trading platforms could cause uncertainty and disruption in the markets that impairs the Fund’s ability to execute its investment strategy and limits the effectiveness of the Fund’s trading strategies or results in losses to the Fund and its investors.

**Investing in securities involves risk of loss that prospective investors should be prepared to bear. There can be no assurance that a Fund’s objective will be achieved or that the investment strategies Emergent employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of Emergent is not indicative of its future performance.**

**For a more complete description of the risks associated with investing with Emergent, investors should refer to the relevant governing documents for each Fund.**



## Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which Emergent or any supervised persons have been involved that are material to Client's or prospective Client's evaluations of Emergent's advisory business or management. There are no reportable material legal or disciplinary events related to Emergent or any of its supervised persons. In the ordinary course of Emergent's business, Emergent, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations ("SRO").

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Emergent or the integrity of Emergent's management.

There are no legal or disciplinary events that are material to an evaluation of Emergent's advisory services or the integrity of management.



## Item 10 Other Financial Industry Activities and Affiliations

### **Affiliated Broker-Dealers**

Emergent is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. However, certain supervised persons of Emergent who are registered representatives of Mid-Continent Securities Advisors, Ltd. (“*Mid-Continent*”), a broker-dealer registered under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) and a registered broker-dealer member with the Financial Industry Regulatory Authority (“*FINRA*”). Mid-Continent is not affiliated with Emergent or its affiliates.

Emergent addresses the conflict of interest of having certain supervised persons of Emergent who are registered representatives of Mid-Continent by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of the Fund and its investors, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Emergent’s written policies and procedures.

### **Affiliated CPO and/or CTA**

Emergent and its management persons are not registered, nor has 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. Emergent has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor. However, Emergent currently claims and relies on an exemption from registration under CFTC Rule 4.13(a)(3) with the CFTC, with respect to the Fund, and therefore Emergent is exempt from registration as a commodity pool operator (“*CPO*”). Among other things, the exemption requires the filing of a claim of exemption with the National Futures Association (the “*NFA*”). It is also required that at all times either: (i) the aggregate initial margin and premiums required to establish commodity interest positions does not exceed 5% of the liquidation value of the Fund’s portfolio; or (ii) the aggregate net notional value of the Fund’s commodity interest positions does not exceed 100% of the liquidation value of the Fund’s portfolio and further that all pool participants are required to be accredited investors or certain other qualified investors.

### **Affiliated General Partners**

As stated in Item 4 of this Brochure, Emergent does not act as a general partner for the Fund. Instead, ECA Fund GP II, LLC and ECA Fund GP, LP serve as the ultimate general partner and general partner, respectively to the Fund. The General Partner, ECA Fund GP, LP, is regularly engaged in the business of sponsoring the Fund. In connection with such services the General Partner of the Fund may receive performance compensation described above in Item 5 of this Brochure. The specific payment terms and other conditions of the performance compensation available to a General Partner are set forth in the Fund’s governing documents, side letters and/or fee agreements. Through common control, Emergent is affiliated with ECA Fund GP II, LLC and ECA Fund GP, LP. Additionally, as described above in Item 6 of this Brochure, the receipt of performance compensation from the Fund may create an incentive for the General Partners to cause the Fund to make riskier or more speculative investments than it would otherwise make in the absence of performance compensation. Performance compensation also may incentivize the General Partners to overvalue assets in order to increase the amount of its Performance compensation.





Emergent addresses these conflicts of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of the Fund and its investors, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Emergent's written policies and procedures.

### **Selection of Service Providers**

Except as may otherwise be provided under the terms of the Fund's governing documents, Emergent or one or more of its affiliates will generally select the Fund's service providers and will determine the compensation of such providers without review by or the consent of an advisory board, the investors or an independent party. The Fund, regardless of the relationship to Emergent, its affiliates or the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for Emergent or an applicable affiliate to select an affiliated service provider or to select service providers based on the potential benefit to Emergent, rather than to the Fund.

Emergent or one or more of its affiliates may engage the same service provider to provide services to the Fund that also provides services to Emergent or any such affiliate, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. For example, a law firm may at the same time act as legal counsel to the Fund, its General Partner or similar person, Emergent or other affiliates of Emergent.

Emergent and its affiliates address these conflicts of interest by using reasonable diligence to ascertain whether each service provider (including law firms) provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying Emergent's or its affiliates' service provider selection criteria. In addition, in the event such service providers are affiliates of Emergent (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Fund's governing documents.

### **Relationship or Arrangements with Affiliates and/or Related Persons**

As noted in Item 5, Emergent's investment strategy for the Fund is to invest with Investment Advisers that Emergent believes offer attractive investment opportunities. However, Emergent will typically only cause the Fund to invest with Investment Advisers if Emergent is able to successfully structure the desired compensation arrangements. This creates a conflict of interest because Emergent will have incentive to invest only with those Investment Advisers that are willing to enter into such arrangements, which necessarily excludes investment opportunities with managers that are not willing to do so, even if these later investment opportunities are attractive. While Emergent will attempt to negotiate more favorable terms for the Fund as compared to other investors or clients of an Investment Adviser, this may also require the Fund to agree to certain terms that may be less favorable. Emergent will negotiate these terms in good faith, but will take into consideration not only the interests of the Fund, but also the related compensation arrangements of the General Partner and Emergent. There is no guarantee that Emergent will be able to agree to more favorable terms with Investment Advisers and may enter into Sub-Advisory Arrangements on standard terms if Emergent so determines.





## Item 11 Code of Ethics

Emergent maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its Code of Ethics. The Code of Ethics has been adopted by Emergent in compliance with Section 204A of the Advisers Act. The Code of Ethics applies to each employee of Emergent and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of Emergent’s standard of business conduct.

A complete copy of Emergent’s code of ethics (“Code of Ethics”) is available to any Client or prospective Client upon request.

The Code of Ethics is based upon the premise that all Emergent personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (i) comply with all applicable laws and regulations; (ii) observe all fiduciary duties and put Client interests ahead of those of Emergent; (iii) observe Emergent’s personal trading policies so as to avoid “front-running” and other conflicts of interests between Emergent and its Clients; and (iv) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by Emergent’s Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by Emergent, up to and including termination.

**Standards of Conduct:** Emergent and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and Emergent or Client.

**Ethical Business Practices:** Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by Emergent’s Chief Compliance Officer or his designee. Emergent seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in industry-related online blogging and communication with the media, unless approved by the Chief Compliance Officer, and (ii) spreading of false rumors pertaining to any publicly traded company.

**Confidentiality:** Employees must maintain the confidentiality of Emergent’s proprietary and confidential information and must not disclose that information unless the necessary approval is obtained. Emergent has a particular duty and responsibility, as an investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.



**Gift and Entertainment Policy:** Access persons shall not, directly or indirectly, take, accept or receive gifts or other consideration in merchandise, services, or otherwise of more than nominal value from any person, firm, corporation, association, or other entity other than such person's employer that does business, or proposes to do business, with Emergent or any of its affiliates.

### **Personal Trading**

**Personal Trading Policy:** Access persons are allowed to trade reportable securities, however all transactions in reportable securities must be pre-approved by the Chief Compliance Officer or his designee. Access persons may not purchase or otherwise acquire direct or indirect beneficial ownership of any reportable security, and may not sell or otherwise dispose of any reportable security in which he or she has direct or indirect beneficial ownership, if he or she knows or should know at the time of entering into the transaction that: (i) a Client has purchased or sold the reportable security within the last five (5) trading days, or is purchasing or selling or intends to purchase or sell the reportable security in the next five (5) trading days; or (ii) Emergent has within the last five (5) trading days considered purchasing or selling the reportable security for any Client or within the next five (5) trading days intends to consider purchasing or selling the reportable security for any Client. Access persons must obtain approval from the Chief Compliance Officer or his designee before directly or indirectly acquiring beneficial ownership in any securities in an initial public offering or in a limited offering (including, private placements). Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or his designee for compliance with the personal trading policy and applicable SEC rules and regulations.

No access person shall recommend any transaction in any reportable securities by Clients without having disclosed to the Chief Compliance Officer his or her interest, if any, in such reportable securities or the issuer thereof, including: (i) the access person's beneficial ownership of any reportable securities of such issuer; (ii) any contemplated transaction by the access person in such reportable securities; (iii) any position the access person has with such issuer; and (iv) any present or proposed business relationship between such issuer and the access person (or a party in which the access person has a significant interest).

**Prohibition against Insider Trading:** Emergent forbids any access person from trading, either personally or on behalf of others, including Clients advised by Emergent, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as "insider trading". The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

**Reporting Requirements:** In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within ten (10) days of initial employment with Emergent, within ten (10) days after the end of each calendar quarter of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.



## **Privacy and Confidentiality**

**Privacy Policy:** Emergent has adopted a privacy policy that explains the manner, in which Emergent collects, utilizes and maintains nonpublic personal information about Clients and Clients' investors. Emergent recognizes and respects the privacy concerns of potential, current and former Clients, and Clients' investors. Emergent is committed to safeguarding this information. As a member of the financial services industry, Emergent will provide this Privacy Policy for informational purposes to Clients, Clients' investors, and employees and will distribute and update it as required by law. A complete copy of Emergent's Privacy Policy is available to any Client or prospective Client upon request.

**Collection of Information and Disclosure of Nonpublic Personal Information:** To provide investors with effective service, Emergent may collect several types of nonpublic personal information about investors, including: (i) information from forms that investors may fill out, such as subscription forms, questionnaires, and other information provided by investors in writing, in person, by telephone, electronically, or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information investors may give orally; (iii) information about transactions within Emergent, including account balances, investments, and withdrawals; (iv) information about the amount investors have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts investors may use for transfers to or from accounts (if applicable).

**Disclosure of Nonpublic Personal Information:** Emergent does not sell or rent Client investor information. Emergent uses this information to conduct business with its Clients: to develop or enhance its products and services; to understand the financial needs of its Clients so that Emergent can provide such Clients with quality products and superior service; and to protect and administer its Clients' records, accounts, and funds. Emergent does not disclose nonpublic personal information about its investors to nonaffiliated third parties, except as permitted or required by law. For example, Emergent may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of Emergent and its Clients; this may include attorneys, accountants, auditors, and other professionals. Emergent may also share information in connection with the servicing or processing of investor transactions; (ii) to affiliated companies in order to provide investors with ongoing personal advice and assistance with respect to the products and services investors have purchased through Emergent and to introduce investors to other products and services that may be of value to such investors; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims, or other liabilities; and (v) upon consent of an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

**Protection of Client Information:** Emergent's policy is to require that all employees, financial professionals, and companies providing services on its behalf keep Client and investor information confidential. Emergent maintains safeguards that comply with federal standards to protect Client and investor information. Emergent restricts access to the personal and account information of Clients and investors to those employees who need to know that information in the course of their job responsibilities. Third-parties with whom Emergent shares Client or investor information must agree to follow appropriate standards of security and confidentiality. Emergent's privacy policy applies to both current and former



Clients and investors. Emergent may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

**Changes to Privacy Policy:** Emergent may make changes to its privacy policy in the future. Emergent will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

### **Potential Conflicts of Interest**

Emergent, its affiliates and their respective officers, directors, trustees, stockholders, members, partners, and employees and their respective funds and investment accounts (collectively, the “*Related Parties*”) engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how such conflicts of interest are addressed. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Emergent’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using its best judgment, but in Emergent’s sole discretion. In resolving conflicts, Emergent will take into consideration the interests of the relevant Clients, the circumstances giving rise to the conflict, and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

**Conflicts Related to Valuation:** Emergent may have a role in determining asset values with respect to Client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because Emergent may be paid an asset-based fee on certain Client accounts. In order to mitigate these conflicts, Emergent determines asset values in accordance with valuation procedures, which are set forth in Emergent’s Compliance Manual.

**Directors of Portfolio Companies:** Additional conflicts of interest arise because Emergent or its affiliates and their respective principals, officers, directors, partners, members, managers and employees may serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event Emergent or a related person (i) obtains material non-public information in such capacity with respect to any such company or (ii) is subject to trading restrictions pursuant to the internal policies of such company, Emergent may be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition may have an adverse effect on Clients. In addition to any fiduciary duties that Emergent partners, principals and employees owe to Clients, as directors of portfolio companies, these Emergent partners, principals and employees owe fiduciary duties to other owners of the portfolio companies, which may be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients’ investment strategies and may have the effect of enhancing the ability of Emergent and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of Emergent to sell the related securities when, and upon the terms, they may otherwise desire. In addition, because of the potential conflicting fiduciary duties that Emergent partners, principals and employees owe to a portfolio investment, on one hand, and that Emergent owes to the Clients, on the other hand, such positions may place Emergent partners, principals and employees in a position where they must make a decision that is either not in the best interests



of Clients or not in the best interests of the other owners of the portfolio investment. Should a Emergent partner, principal or employee make a decision that is not in the best interests of the other owners of a portfolio investment, such decision may subject one or more Emergent and Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify Emergent and its partners, principals and employees from such claims. In addition, Emergent partners, principals and employees may make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, Emergent could make a decision that negatively impacts a portfolio investment and the returns for other Clients that may be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, Emergent may be restricted in choosing investments for Clients, which could negatively impact returns received by the Client. For example, if a Emergent partner, principal or employee was to obtain material nonpublic information about another potential Client investment.

**Conflicts Related to Information Possessed by or Provided by Emergent:** Certain Related Parties may receive or create information (*e.g.*, proprietary technical models) that is not generally available to the public. Emergent has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information, and in many cases, Emergent will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information regarding Related Parties' transactions or views that is not available to other Clients and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other Clients (*e.g.*, through market movements or decreasing availability or liquidity of securities).

**Information Barriers and the Restricted List:** Emergent currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from Emergent's decision not to implement such screens, Emergent maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Emergent's policies and procedures. In addition, Emergent's Compliance Department maintains a list of restricted securities as to which Emergent or its affiliates may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the Compliance Department. In the event that any employee of Emergent or its affiliates obtains such material non-public information, Emergent may be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in Emergent, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of Emergent, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact Emergent's ability to perform investment management services on behalf of Clients. In addition, while Emergent currently operates without information barriers on an integrated basis, Emergent could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Emergent's ability to operate as an integrated platform could also be



impaired, which would limit Emergent's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

**Conflicts Related to Relationships with Third Parties:** Emergent may advise third-parties regarding valuation, risk management, transition management, and potential restructuring or disposition activities in connection with proprietary or Client investments, which may create an incentive to purchase securities or other assets from those third parties or engage in related activities to bid down the price of such assets, which may have an adverse effect on a Client.

Emergent may work with pension or other institutional investment consultants and such consultants may also provide services to Emergent. Consultants may provide brokerage execution services to Related Parties and Related Parties may attend conferences sponsored by consultants. Emergent also may be hired to provide investment management or other services to a pension or other institutional investment consultant that works with a Client, which may create conflicts.

Related Parties may in-source or out-source to a third party certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if Related Parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which Related Parties have a greater entitlement to reimbursement or less expense on Clients for which Related Parties have lesser (or no) entitlement to reimbursement. Related Parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to Related Parties and they may use such analysis to provide investment advice to other Clients.

Related Parties may purchase information (such as periodicals, conference participation, papers, or surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of Related Parties to their Clients.

In selecting broker-dealers that provide research or other products or services that are paid with soft dollars, conflicts may arise between Emergent and a Client because Emergent may not produce or pay for these benefits but may use brokerage commissions generated by Client transactions. Soft dollar arrangements may also give Emergent an incentive to select a broker-dealer based on a factor other than Emergent's interest in receiving the most favorable execution. Conflicts of interest related to soft dollar relationships with brokerage firms may be particularly influential to the extent that Emergent uses soft dollars to pay expenses it might otherwise be required to pay itself. Furthermore, research or brokerage services obtained using soft dollars or that are bundled with trade execution, clearing, settlement or other services provided by a broker-dealer may be used in such a way that disproportionately benefits one Client over another (e.g., economics of scale or price discounts). For example, research or brokerage services paid for through one Client's commission may not be used in managing that Client's account. Additionally, where a research product or brokerage service has a mixed-use, determining the appropriate allocation of the product or service may create conflicts. See *Item 12 – Brokerage Practices* of this Brochure for information regarding Emergent's use of soft dollars.

Conflicts may arise where Emergent has the responsibility and authority to vote proxies on behalf of its Clients. Please refer to *Item 17 – Voting Client Securities* of this Brochure for information regarding the policies and procedures governing Emergent's proxy voting activities.





Emergent may conduct business with institutions such as broker-dealers or investment banks that invest, or whose clients invest, in pooled vehicles sponsored or advised by Emergent, or may provide other consideration to such institutions or recognized agents, and as a result Emergent may have a conflict of interest in placing its brokerage transactions.

**Material Non-Public Information:** Emergent's Chief Compliance Officer or his designee maintains a list of restricted securities as to which Emergent may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the Chief Compliance Officer or his designee. In the event that any employee of Emergent obtains such material non-public information, Emergent may be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in Emergent, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of Emergent, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact Emergent's ability to perform investment management services on behalf of Clients.

In an effort to mitigate these risks, Emergent maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Emergent's policies and procedures.

**Investment Activity by Emergent and Affiliates:** From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment, and other activities of Emergent, its affiliates, and their personnel. Emergent will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. Emergent's affiliates may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Client. Emergent's affiliates may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also arise due to the fact that Emergent's affiliates may have investments in some Clients but not in others or may have different levels of investments in the various Clients, and that each of the Clients may pay different levels of fees.

**Approach to Other Potential Conflicts:** Various parts of this Brochure discuss potential conflicts of interest that arise from Emergent's asset management business model. Emergent discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, Emergent owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between Emergent and Clients; or between its employees and its Clients. Where potential conflicts arise, Emergent will take steps to mitigate, or at least disclose, them. Conflicts that Emergent cannot avoid (or chose not to avoid) are mitigated through written policies that Emergent believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed





rules or principles for investment firms to follow. By complying with these rules, by using robust compliance practices, Emergent believes that it has handled these conflicts appropriately. These interactions are not static; Emergent's business is continually evolving and changes in Emergent's activities can lead to new potential conflicts. Emergent reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

## **Item 12 Brokerage Practices**

Emergent has complete discretion to determine, subject to the Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for the Fund, and the commission rates to be paid for such transactions.

### **Brokerage Selection**

Emergent selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Fund. Emergent seeks to obtain "best execution" from these broker-dealers based on a variety of factors, including, but not limited to: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying Emergent's other selection criteria. In selecting broker-dealers to effect portfolio transactions, Emergent may cause a Fund to enter into arrangements pursuant to which the Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. Emergent is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Fund may be cleared through, and the Fund's investment instruments may be held by, a number of financial institutions Emergent selects on terms negotiated with each such financial institution individually. Subject to Emergent's agreement with each Fund, Emergent generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. Emergent does not consider the receipt of investor referrals when selecting broker-dealers to execute transactions.

### **Soft-Dollar Arrangements**

In those circumstances where more than one broker-dealer is able to satisfy Emergent's obligation to obtain best execution, Emergent may place a trade order on behalf of the Fund with a broker-dealer that charges more than the lowest available commission cost or price. Emergent may do this in exchange for certain brokerage and research services provided either directly from the broker-dealer or through a third party ("Soft Dollar Arrangements"), provided that each of the following is met:



- Emergent determines:
  - (i) The research or brokerage product or service constitutes an eligible brokerage or research service under Section 28(e)(3) of the Exchange Act;
  - (ii) The research or brokerage product or service provides lawful and appropriate assistance in the performance of Emergent’s investment decision making responsibilities; and
  - (iii) In good faith the amount of Fund commissions paid is reasonable in light of the value of the products or services provided.
- The brokerage or research is “provided by” a broker-dealer who participates in effecting the trade that generates the commission. Emergent may not incur a direct obligation for research with a third-party vendor and then arrange to have a broker- dealer pay for that research in exchange for brokerage commissions.
- Emergent may only generate soft dollars with commissions in agency transactions. Emergent may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or over-the-counter (“*OTC*”) security may be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between Emergent and the market for that security.
- The brokerage trade placed is for “securities” transactions (and not, for example, futures transactions).

The term “soft dollars” refers to the receipt by Emergent of products and services provided by brokers without any cash payment by Emergent, based on the volume of revenues generated from brokerage commissions for transactions executed for the Fund. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Brokerage and research services may either be obtained from brokerage firms or paid for by brokerage firms and may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Research services may be proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. Research services, whether obtained by the use of commissions arising from the Fund’s portfolio transactions or paid for by Emergent and charged to the Fund as described above, may be used by Emergent for the benefit of other advisory clients of Emergent. In formulating and implementing its policies with regards the use of commissions or “soft dollars” it is the Emergent intent to stay within the parameters of Section 28(e) of the Exchange Act. Emergent seeks to allocate soft dollar benefits among advisory clients in a fair and equitable manner under the circumstances.

Using “soft dollars” to obtain investment research and/or related services creates a potential conflict of interest between Emergent and the Fund, because the “soft dollars” may be used to acquire such products and services that are not exclusively for the benefit of the Fund that paid such commissions and that may primarily benefit Emergent. To the extent that Emergent is able to acquire these products and services



without expending Emergent resources (including management fees paid by the Fund), Emergent's use of "soft dollars" would tend to increase its profitability. Furthermore, Emergent may have an incentive to select or recommend brokers based on its interest in receiving research or other products or services, rather than on the Fund's interest in receiving most favorable execution. Emergent may cause the Fund to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits. Emergent does not, however, negotiate higher rates on fees and expenses to be paid by the Fund in exchange for lower rates on fees and expenses to be paid by Emergent.

Research services furnished by brokers through whom Emergent effects securities transactions may be used in servicing all of Emergent's advisory clients, and not all such services may be used in connection with the accounts which paid commissions to the broker providing such services. Emergent seeks to allocate soft dollar benefits among client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that we will be successful in this regard.

Section 28(e) of the Exchange Act, provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to Emergent in the performance of investment decision-making responsibilities. Emergent intends that any soft dollars that it receive in connection with Client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act. Examples of eligible services and products include independent stock research, economic research, research in specific industry sectors, real time feeds, newswires, strategic analysis, and back office systems.

### **Brokerage for Client Referrals**

Emergent does not consider, in selecting a broker-dealer, whether Emergent or an affiliate receives advisory client or Fund investor referrals from that broker-dealer.

### **Directed Brokerage**

Emergent does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by Emergent.



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

Emergent reviews the Fund portfolio on a daily basis relating to, among other factors, position sizes; sector, asset class and company-specific exposure levels; borrowing thresholds; and Investment Adviser investment strategy compliance. Principals of Emergent are actively involved in the daily monitoring of the Fund's portfolio and the Investment Advisers and are responsible for portfolio review.

Emergent provides Fund investors with audited annual financial statements, quarterly unaudited performance reports, and all tax information relating to their investments in each the Fund necessary for U.S. federal income tax purposes.



## Item 14 Client Referrals and Other Compensation

As discussed herein above in Item 5 – Fees and Compensation of this Brochure, to the extent Emergent is not able to negotiate a Managed Account Relationship with a particular Investment Adviser, Emergent may cause the Fund to enter into an Investment Vehicle Relationship. Emergent typically receives direct cash payments from the Investment Adviser as part of an Investment Compensation Arrangement when it enters into an Investment Vehicle Relationship. The investment strategy of the Fund is to invest with Investment Advisers that Emergent’s believes offer attractive investment opportunities. However, Emergent will typically only cause the Fund to invest in Investment Vehicles managed by Investment Advisers if Emergent is able to successfully structure the desired compensation arrangements. This creates a conflict of interest because Emergent will have incentive to invest only in those Investment Vehicles managed by Investment Advisers that are willing to enter into such arrangements, which necessarily excludes investment opportunities with managers that are not willing to do so, even if these latter investment opportunities are attractive. Emergent will evaluate such Investment Vehicle Relationships in good faith, but will take into consideration not only the interests of the Fund, but also the related compensation payable to Emergent.

Additionally, Emergent receives compensation with respect to soliciting clients to unaffiliated investment advisers. Such third-party client solicitation arrangements are made in compliance with the Cash Solicitation Rule, which requires that, among other things, compensation to Emergent, as a solicitor for client referrals to an unaffiliated investment adviser, be made pursuant to a written agreement and for Emergent to provide to each person solicited for an unaffiliated investment adviser’s advisory services, a Solicitor’s Disclosure Statement and current copy the unaffiliated investment adviser’s Part 2A of Form ADV brochure. Generally, the terms of such arrangements will vary but call for the unaffiliated investment adviser to pay Emergent a fee equal to a percentage of capital contributions, management fees, performance allocations, or a combination of such contributions or fees borne by each client introduced to an unaffiliated investment adviser by Emergent.

Currently, Emergent does not directly or indirectly compensate any third-party for referring investors into the Fund (each a “Placement Agent”). In the event Emergent desires to engage a Placement Agent in the future to refer prospective investors into the Fund, such arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of the Cash Solicitation Rule. Generally, the terms of such arrangements will vary but may call for Emergent to pay the Placement Agent a fee equal to a percentage of capital contributions, management fees, performance allocations, or a combination of such contributions or fees borne by each investor introduced to the Fund by the Placement Agent.



## Item 15 Custody

While it is Emergent’s practice not to accept or maintain physical possession (*i.e.*, custody) of any Fund assets, Emergent may be deemed, under Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), to have custody of the assets of the Fund by virtue of its common control with the Fund’s General Partner and the authority the General Partner has over such Clients or their assets.

In order to comply with the Custody Rule, Emergent utilizes the services of “qualified custodians” (*e.g.*, banks) to hold and maintain all cash and securities of the Fund (except with respect to privately offered securities). In accordance with the Custody Rule, Emergent also (i) has engaged an independent public accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”) to conduct annual audits of the Fund with assets over which Emergent is deemed to have custody; and (ii) distributes audited annual financial statements of the Fund, prepared in accordance with GAAP, to all investors within at least 120 days after the Client’s fiscal year end. In addition, upon the final liquidation of the Fund, Emergent will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to the Fund to all investors promptly after completion of the audit. Qualified custodians are not expected to provide account statements directly to investors in the Fund.



## **Item 16 Investment Discretion**

Emergent exercises discretion in managing the investments of the Fund based on the Fund's stated investment objectives, policies and strategies disclosed in its governing documents.

Emergent contractually assumes discretionary authority over the assets of the Fund under a Management Agreement entered into among Emergent, the Fund and the Fund's General Partner.





## **Item 17 Voting Client Securities**

Emergent follows a proxy voting policy to ensure that proxies Emergent votes, on behalf of the Fund, are voted to further the best interest of the Fund and its investors. The policy establishes a mechanism to address any conflicts of interests between Emergent and the Fund. Further, the policy establishes how the Fund's underlying investors may obtain information on how the proxies have been voted.

Emergent determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. Emergent votes proxies in a manner that it believes reasonably furthers the best interests of the Fund and its investors and is consistent with the investment philosophy as set forth in the Fund's governing documents.

If a proxy vote creates a material conflict between the interests of Emergent and the Fund, Emergent will resolve the conflict before voting such proxies. Emergent will take steps designed to ensure that a decision to vote the proxy was based on Emergent's determination of the Fund's best interest and was not the product of the conflict.

Emergent maintains records of (i) all proxy votes that are made on behalf of the Fund; (ii) all written requests from the Fund's underlying investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to each Fund's underlying investors upon request.



## **Item 18 Financial Information**

Emergent does not solicit prepayment of more than \$1,200 in fees six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.

There is no financial condition that is reasonably likely to occur that would impair our ability to meet contractual commitments to the Fund. Emergent has not been the subject of a bankruptcy petition during the past ten years.

