

# North Peak Capital Management, LLC

Form ADV Part 2A Brochure  
September 3, 2021

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This brochure provides information about the qualifications and business practices of North Peak Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. North Peak Capital Management, LLC is a registered investment adviser, but registration does not imply a certain level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you can use to evaluate us and may be a factor in your decision to hire us or retain our services.

Additional information about North Peak Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

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Since the Advisor's Form ADV Part 2 was last sent to investors in March 2020, there have been a couple of changes that are further discussed within that we would like to highlight. A Special Purpose Vehicle was launched on July 10, 2020. The Funds (as defined herein) revised their documents in 2021 to establish the "Charity Program", wherein North Peak Capital is pledging 50% of net management fees and incentive allocations/fees from incremental capital to charitable causes and has added two Classes for new investors.

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## Item 4: Advisory Business

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- A. North Peak Capital Management, LLC ("Adviser") is an investment adviser formed in 2015 and principally owned by Jeremy Kahan and Michael Kahan. Since August 2015, Adviser has been managing the private fund assets of North Peak Capital Partners, LP (3(c)(1) onshore fund). On June 1, 2018, Adviser launched North Peak Capital Partners II, LP, (3(c)(7) onshore fund) and on July 1, 2018, launched North Peak Capital Fund II, Ltd (3(c)(7) offshore fund) for offshore and non-taxable U.S. investors known collectively as (the "Funds"). North Peak Special Opportunity Partners LLC a single stock special purpose vehicle (the "SPV"), was launched on January 1, 2020 and North Peak

Special Opportunity Partners II LLC a single stock special purpose vehicle (the "SPV II") was launched on July 10, 2020 (collectively the "SPVs"). Adviser registered with the Securities and Exchange Commission ("SEC") effective on April 27, 2018.

B. Adviser offers the following types of advisory services:

- i. Private Fund Portfolio Management: Adviser provides investment advice to the Funds based on the investment objective of the Funds, and the Funds in-turn invest its assets into securities. The investment objective of the Funds are to achieve superior capital appreciation over a multi-year time horizon. The Funds employ a private equity style approach to the public markets. Adviser seeks to make a select number of highly researched investments each year in companies that are capable of compounding earnings over a multi-year time horizon. The Funds will primarily focus on equities that Adviser believes to be mispriced relative to future earnings and free cash flow. Adviser attempts to generate consistently superior after-tax returns by investing in growth companies with high returns on invested capital and strong management teams. Adviser will selectively invest in deep value situations that it believes has minimal potential for capital impairment and a clear catalyst to unlock shareholder value. While the Funds will be long-biased, Adviser will selectively take short positions in companies that are secularly challenged, companies that Adviser believes are fundamentally mispriced relative to estimates of future earnings and ETFs.

Investors in the onshore Funds are limited partners ("Limited Partners") and shareholders ("Shareholders") in the offshore fund. The General Partner solely responsible for the management of the onshore Funds is North Peak Capital GP, LLC. North Peak Capital GP, LLC is also the Managing Member of the SPVs. The Limited Partners and Shareholders of the Funds are not clients of Adviser; each prospective Limited Partner and Shareholder must confer with his or her own adviser to determine the suitability and appropriateness of an investment in the Funds. This document is not an offer to sell or a solicitation of an offer to buy interests in the Funds. Such an investment may be made only after receipt and review of the corresponding Fund Confidential Private Placement Memorandum or Confidential Explanatory Memorandum (the "Memorandum"). The Memorandum contains important information concerning risk factors and other material aspects of the corresponding Fund and it must be read carefully before making an investment decision. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memorandum. A copy of the corresponding Memorandum is available upon request to Adviser by persons who are "accredited investors" as defined under Regulation D of the Securities Act of 1933 or "qualified purchasers" under the Investment Company Act.

Investors in the SPVs are Members. The Members of the SPVs are not clients of the Adviser; each prospective Member must confer with his or her own adviser to determine the suitability and appropriateness of an investment in the SPVs. This document is not an offer to sell or a solicitation of an offer to buy interests in the SPVs. Such an investment may be made only after receipt and review of the corresponding SPVs Limited Liability Company Agreement (the "LLC Agreement"). The LLC Agreement contains important information concerning risk factors and other material aspects of the corresponding SPVs and it must

be read carefully before making an investment decision. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the LLC Agreement. A copy of the corresponding LLC Agreement is available upon request to Adviser by persons who are "accredited investors" as defined under Regulation D of the Securities Act of 1933 or "qualified purchasers" under the Investment Company Act.

- ii. Adviser provides investment advice to the SPVs based on the investment objective of the SPV. The SPV's investment objective is to generate capital appreciation through an investment in a publicly listed online food-delivery services company. SPV II's investment objective is to generate capital appreciation through an investment in a publicly listed, US-based developer and manager of timeshare resorts.
- C. Adviser tailors its private fund portfolio management services to the Funds based on the investment objective of the Funds. Adviser's recommendations will allocate portions of the Funds' assets to various asset classes classified according to historical and projected risks and rates of return. Adviser does not provide tailored investment advice to the Limited Partners of the Funds, but the Funds may impose restrictions on investing in certain securities or types of securities so long as such restrictions may reasonably be implemented by Adviser.
- D. Adviser does not participate in any wrap fee programs.
- E. Adviser has the following amount of discretionary regulatory assets under management calculated as of December 31, 2020:
  - i. Discretionary: \$1,305,800,000

## Item 5: Fees and Compensation

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- A. Adviser may be compensated for its separately managed account portfolio management services with a management fee, a performance fee, or both a management fee and performance fee. Generally, a "high water mark" mechanism will be in place when a performance fee is being charged. Fees are negotiable, and each client's specific fee schedule will be included as part of the investment advisory agreement signed by Adviser and the client. Adviser is not managing any Separately Managed Accounts at the present time.

Adviser is compensated for its private fund portfolio management services by an annual management fee and performance allocation/fee (subject to a "high water mark").

The Funds pay to the Adviser, as of the end of each calendar quarter in arrears, a management fee (the "Management Fee") as follows:

- (i) with respect to each investor's Founders Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 1.5% of the net asset value of each capital account attributable to such Founders Interests/Shares (including any interest in any side pocket investments);
- (ii) with respect to each investor's Class A Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 2.0% of the net asset value of each

capital account attributable to such Class A Interests/Shares (including any interest in any side pocket investments);

(iii) with respect to each investor's Class B Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 1.8% of the net asset value of each capital account attributable to such Class B Interests/Shares (including any interest in any side pocket investments); and

(iv) with respect to each investor's Class C Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 1.5% of the net asset value of each capital account attributable to such Class C Interests/Shares (including any interest in any side pocket investments).

(iv) with respect to each investor's Class D Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 2.0% of the net asset value of each capital account attributable to such Class D Interests/Shares (including any interest in any side pocket investments).

(vi) with respect to each investor's Class E Interests/Shares, such investors are subject to a Management Fee at the rate of one-quarter (1/4) of 1.5% of the net asset value of each capital account attributable to such Class E Interests/Shares (including any interest in any side pocket investments).

The General Partner is entitled to receive a performance-based allocation/fee at the end of each performance period as follows:

(i) 17% of the net profits attributable to investors with respect to their Founders Interests/Shares;

(ii) 20% of the net profits attributable to investors with respect to their Class A Interests/Shares;

(iii) 18% of the net profits attributable to investors with respect to their Class B Interests/Shares; and

(iv) 15% of the net profits attributable to investors with respect to their Class C Interests/Shares.

(v) 20% of the net profits attributable to investors with respect to their Class D Interests/Shares.

(iv) 17% of the net profits attributable to investors with respect to their Class E Interests/Shares.

The Adviser and the General Partner are each committed to donate 50% of each of the net Management Fees and net Performance Allocation/Fee (in each case, net of amounts payable to third parties as a result of contractual obligations, including without limitation, third party marketers), respectively, that each of the Adviser and the General Partner is entitled to receive with respect to certain classes, to one or more charities (the "Charity Program"). To effectuate the Charity Program, the Funds will issue additional classes of Interests/Shares that mirror the current classes of Interests/Shares designated as: "Class A1 Interests/Shares," "Class B1 Interests/Shares," "Class C1 Interests/Shares," "Class D1 Interests/Shares," "Class E1 Interests/Shares" and "Founders 1 Interests/Shares" (collectively, the "Charitable Class Interests" and the Interests that are not Charitable Class Interests are referred to as "Standard Class Interests"). The Adviser and the General Partner will make any such donations with respect to 50% of the net Management Fees and net Performance Allocations/Fees applicable to the Charitable Class Interests/Shares. The Charity Program is the only difference between a Charitable Class of Interests/Shares and a Standard Class of Interests/Shares denoted by the same letter. Upon subscription, other than with respect to

Management Interests, an investor will be issued the Charitable Class Interests/Shares of the class subscribed. The Adviser/General Partner shall have the sole, unilateral right to designate and/or re-designate all or any portion of any investor's class of Interests as Charitable Class Interests/Shares or Standard Class Interests/Shares of the same class, provided that Charitable Class Interests/Shares will only be re-designated as Standard Class Interests/Shares to the extent that there have been withdrawals from the Funds by any investor at any time, and only in an amount equal to such withdrawals. With respect to any designation and/or re-designation, the Adviser/General Partner will not consult with, get consent from and/or notify any investor as to any such designation, re-designation and/or status generally of its class(es) of Interests/Shares. Any re-designation as a result of withdrawals may be made to the Interests/Shares held by any one or more investors in the Adviser's/General Partner's sole discretion. Any such designation and/or re-designation will not have any impact on the investor holding such class(es) of Interests/Shares.

The SPVs do not pay the Adviser an annual Management Fee. The Managing Member is entitled to receive a performance-based allocation at the end of each performance period of 10%.

The Adviser and General Partner, at their sole discretion, may elect to waive or reduce the management fee or performance allocation/fee in whole or part, for any investor.

- B. In addition to the fees charged by Adviser, separately managed account clients will incur brokerage and other transaction costs. Please refer to Item 12: Brokerage Practices, for further information on such brokerage and other transaction costs. Clients will also typically incur additional charges related to the safekeeping and custody of client assets and other product-specific expenses, and ERISA-specific services for accounts subject to ERISA. These additional charges are separate and apart from the fees charged by Adviser.
- C. The Funds and the SPVs shall pay for all ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as expenses associated with outsourced trading (including but not limited to trade execution and portfolio monitoring services), brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants (including, without limitation, expert networks, research consultants and other research providers), due diligence with respect to investments and potential investments (including, without limitation, investment related travel expenses), brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, and extraordinary legal expenses); regulatory filings arising from the General Partner's or the Adviser's provision of services to or on behalf of the Funds (including, without limitation, blue sky filings, Form PF, and all costs and expenses relating to filings, registrations and service providers required with respect to placing Interests in any jurisdiction, whether such costs or expenses are the obligation of the Funds or the Adviser (such as AIFMD and/or any other applicable regulation or directive)); insurance premiums and other costs and expenses of insurance policies as the General Partner/Adviser considers appropriate, insuring the Funds, the General Partner, the Adviser and their affiliates against liabilities that may arise in connection with the business or management of the Funds (including, without limitation, errors and omissions policies, and directors and officers policies) ; the Management Fee; accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental

charges or fees payable by the Funds; costs of printing and mailing reports and notices; all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Funds; interest on, and fees and expenses arising out of, all borrowings made by the Funds; expenses of any meetings of the investors; and other similar expenses related to the Funds, as the General Partner or Adviser determines in its sole discretion. The General Partner or Adviser may elect to pay any of the foregoing expenses from the General Partner's or Adviser's own resources for any period, in the sole discretion of the General Partner or Adviser, as applicable.

- D. In the event of a withdrawal or other termination of an investor's interest in any of the Funds, any unpaid management fee and performance allocation/fee will be assessed in accordance with the Memorandum and through the effective withdrawal date (or termination date) applicable to such Limited Partner or Shareholder.

The Funds have varying "Lock-Up Periods" which is the time period from the date a Limited Partner or Shareholder's capital account is established that a Limited Partner or Shareholder will generally be permitted to make withdrawals of capital (except to the extent of its interest in any unrealized side pocket investments).

Limited Partners and Shareholders are permitted to make withdrawals of capital on the last business day of each calendar (a) quarter (with respect to Founders Interests/Shares, Class B Interests/Shares, Class C Interests/Shares, Class D Interests/Shares and Class E Interests/Shares) and (b) month (with respect to Class A Interests/Shares) (each a "Withdrawal Date") as follows: (i) withdrawals with respect to Founders Interests/Shares must be provided, in writing, at least forty-five (45) days' prior to the intended Withdrawal Date, (ii) withdrawals with respect to Class A Interests/Shares must be provided, in writing, at least thirty (30) days' prior to the intended Withdrawal Date and (iii) withdrawals with respect to Class B Interests/Shares, Class C Interests/Shares, Class D Interests/Shares and/or Class E Interests/Shares must be provided, in writing, at least sixty (60) days' prior to the intended Withdrawal Date.

Limited Partners and Shareholders may not make withdrawals of all or any part of their capital account balances attributable to their Class C Interests/Shares and Class E Interests/Shares until after the thirty-six (36) month period following the date on which each such Class C Interests/Shares or Class E Interests/Shares were purchased ("Lock-up Period"). Notwithstanding the foregoing, investors who withdraw all or any part of their capital attributable to (i) Founders Interests/Shares, Class B Interests/Shares or Class D Interests/Shares prior to the expiration of the twelve (12) month period following the date on which each such Founders Interests/Shares, Class B Interests/Shares or such Class D Interests/Shares were purchased, will pay a 3% early withdrawal fee to the Funds based on the withdrawal proceeds, unless otherwise agreed to by the General Partner or the Adviser.

An investor in the SPVs will be permitted to make a complete or a partial withdrawal from its capital account with respect to its capital contribution maintained with respect to such Investor (a "Withdrawal") as of the close of business on the last day of each calendar quarter or at such other time as determined by the General Partner in its sole discretion (each, a "Withdrawal Date"). Notwithstanding the foregoing, an Investor may not make a partial or complete withdrawal from any capital account established in respect of any investment made by that Investor (i) at any time prior to the expiration of the two (2)-year period following the establishment of that capital account (the "Initial Lock-up Period"), or (ii) during any of the three (3) successive one (1)-year periods

occurring immediately after the expiration of the Initial Lock-up Period (the Initial Lock-up Period and each such successive one (1)-year period each being a "Calculation Period," and the Initial Lock-up Period and each subsequent Calculation Period that results in that Investor being prohibited from withdrawing amounts from its capital account each being a "Lock-up Period") that is preceded by a Calculation Period in which the net asset value of the Investor's Fund Interest attributable to that capital account has increased by ten percent (10%) or more, compounded annually and measured (A) as an annualized rate of return, and (B) with respect to the initial Calculation Period (i.e., the Initial Lock-up Period), from the beginning of such period to the expiration of such period, and with respect to any subsequent Calculation Period, from the first day following the end of the preceding Calculation Period (whether the Initial Lock-up Period or any subsequent Calculation Period) to the end of such Calculation Period (the "Return Threshold"); in the case of each of the foregoing clauses (i) and (ii), unless otherwise waived or reduced in the General Partner's sole discretion.

The General Partner and Adviser may, in their sole discretion, waive the Lock-up Period, in whole or in part, with respect to any Limited Partner Shareholder or Member.

- E. Neither Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

## Item 6: Performance-Based Fees & Side-By-Side Management

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The General Partner receives a performance-based fee from qualified clients in the form of the performance allocation/fee described in Item 5, above. The performance allocations/fees are only assessed against the accounts of Limited Partners, Shareholders and separately managed account clients who are "qualified clients" as such term is defined by Rule 205-3 under the Investment Advisers Act of 1940.

Performance-based compensation arrangements create a conflict of interest as they create an incentive for the adviser to recommend investments that carry a higher degree of risk to the client. Adviser mitigates this conflict of interest by selecting investments that it believes to be appropriate for the Funds, in accordance with the corresponding Fund's investment objective. Furthermore, the investment strategy for separately managed account clients is distinct from the investment strategy for the Funds.

## Item 7: Types of Clients

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Adviser generally provides its private fund portfolio management services exclusively to the Funds and SPVs and provides its separately managed account portfolio management services to high-net-worth individuals and other private funds. Generally, the minimum account value required to invest in the Funds is \$500,000.



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

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- A. The investment strategies used by Adviser when formulating investment advice or managing assets for separately managed account clients include concentrated long-only positions in a publicly-traded equity security or securities designed to capture long-term value. The investment strategies used by Adviser when formulating investment advice or managing assets for the Funds include a private equity style approach to public markets as further described in Item 4, above. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance does not guarantee future returns.
- B. Like any investment strategy, the strategies utilized by Adviser involve material risks. Such material risks are described in further detail below:
  - i. There can be no assurance that the Funds or the SPVs will achieve their investment objective or avoid substantial losses. A Limited Partner/Shareholder or Member could lose all or a substantial amount of his or her investment. Notwithstanding the method of analysis or investment strategy employed by Adviser, the assets of the Funds and SPVs are subject to risk of devaluation or loss. An investor should not make an investment in any of Funds or SPVs with the expectation of sheltering income or receiving cash distributions. Adviser believes that substantial returns can be achieved by investing in the Funds or SPVs; however, such investment involves a high degree of risk. Adviser urges investors to review carefully the risk factors set forth in the corresponding Memorandum and LLC Agreement. The Memorandum and LLC Agreement contains important information concerning risk factors and other material aspects of the Funds and SPVs and should be read carefully before any investor decides to invest in any of the Funds or SPVs. The risk factors set forth in the Memorandum and LLC Agreement are those deemed by Adviser to be the most significant.
  - ii. In addition to the risk factors listed in the Memorandum and LLC Agreement, a prospective Limited Partner, Shareholder, Member or separately managed account client should carefully consider the following risks prior to making an investment in any of the Funds, SPV's or separately managed account:
    - a. General Investment Risks: The corresponding Funds/SPVs success depend upon Adviser's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades may also be detrimental to a Fund's, SPVs or strategy's profitability.
    - b. Dependence on Key Personnel: Adviser is dependent on the services of Jeremy and Michael Kahan, and there can be no assurance that Adviser will be able to retain Jeremy or Michael Kahan. The departure or incapacity of either Jeremy Kahan or Michael Kahan could have a material adverse effect on Adviser's management of the investment operations of the Funds, SPVs or a separately managed account.

- c. Investment and Trading Risks. All investments involve the risk of a loss of capital. Adviser believes that its investment program and its research and risk-management techniques moderate this risk through the careful selection of securities and other financial instruments. No guarantee or representation is made that any of the Funds or strategy investment programs will be successful, and investment results may vary substantially over time.
- d. Risks Relating to Markets. The value of those securities in which the Funds, SPVs or a separately managed account strategy invests and that are traded on exchanges or over-the counter and the risks associated therewith vary in response to events that affect such markets and that are beyond the control of the Funds, SPVs and Adviser. Market disruptions such as those that occurred during October of 1987 and on September 11, 2001, and following the systemic loss of confidence during the recent financial crisis of 2008 and 2009, could have a material effect on general economic conditions, market volatility, and market liquidity which could result in substantial losses to the Funds, SPVs or a strategy.
- e. Short Selling. The Adviser makes short sales or utilizes short selling on behalf of its clients. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or other counterparty. Because the seller remains liable to return the underlying security that it borrowed from the broker or counterparty, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes clients to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for clients to borrow at reasonable costs. If a request for a return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case a client or account may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A significant "short squeeze" event occurred in January 2021 with respect to the securities of GameStop Corp (GME), where retail investors utilized Robinhood and other popular commission-free trading platforms and social media platforms to execute a "short squeeze" strategy aimed at destroying the short sale efforts of prominent hedge funds and other institutional investors who were attempting to profit from the demise of GameStop stock. The efforts of these retail investors pushed the price of GameStop stock to record levels in a very short period of time, and many hedge funds and other investors lost billions of dollars as they were forced to close out their short positions on GameStop stock in connection with the short squeeze. This situation is likely to reoccur in the future, as social media and popular commission free trading platforms have made it easier for a large number of retail investors to band together and cause disruptions in the trading strategies of hedge funds and other institutional investors. The recent controversy relating to GameStop may lead to SEC scrutiny and greater regulation

of such strategies. The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt or enact additional rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where a client trades have adopted or may adopt reporting requirements. If a client's short positions or its strategy become generally known, it could have a material or significant effect on the Adviser's ability to implement or effect its investment strategies. In particular, it would make it more likely that other investors could cause or lead the Adviser into a "short squeeze" in the securities held short by a client, forcing the Adviser or the client to cover its positions at a loss. Such reporting requirements likely would also limit the Adviser's ability to access management and other personnel at certain issuers where the Adviser seeks to take or establish a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Adviser's clients, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the Adviser's clients could decrease significantly. The SEC has adopted various restrictions or limitations on the short sale of securities which fall more than 10% in a given day (referred to as the "circuit breaker" or "modified uptick rule"). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or restrictions or limitations on short sales of certain securities or short sales with respect to certain issuers in response to significant market events. Restrictions, limits or bans on short selling would make it more difficult for the Adviser's clients or the Adviser to execute or effect certain investment strategies and may have a material adverse effect on the Adviser's clients' ability to achieve their investment objectives and generate returns.

- f. Equity Securities. The value of the equity securities held by the Funds, SPVs or as part of a strategy are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.
- g. Small- and Medium-Capitalization Stocks. The Funds and SPVs may invest its assets in stocks of companies with smaller market capitalizations; the long-only small capitalization equity investment strategy focuses on this universe of stocks. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which results in greater sensitivity of the market price to individual transactions. Accordingly, investors in any of the Funds, SPVs or a strategy should have a long-term investment horizon.

- h. Exchange Traded Funds. The Funds may invest in a type of Investment Company called an Exchange-Traded Fund ("ETF"). ETFs are a type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with a fund, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. As a relatively new type of security, the trading characteristics of ETFs may not yet be fully developed or understood by potential investors. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.
- i. New Issues. The Funds may invest in "New Issues" as that term is defined in Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130. Such investments offer the opportunity for significant appreciation; however, they are speculative and involve a high degree of risk. It is characteristic of the initial public offerings market that certain companies may be extremely successful, while a much higher percentage of new public companies fail. Thus, the risk of investing in initial public offerings is substantially greater than investing in the stock market as a whole. Certain "restricted" Limited Partners may be precluded from participating, in whole or in part, in a Fund's investments in new issues, subject to the "de minimis" exception under the FINRA new issue rules. To the extent that a Limited Partner is "restricted," an investment in the Partnership may not yield the performance results that may be achieved by those investors that are entitled to receive allocations with respect to new issues.
- j. Option Transactions. The purchase or sale of an option by the Funds involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Although selling options (without owning the underlying security) involves significant potential risks, Adviser does not intend to sell uncovered call options.
- k. Highly Volatile Instruments. The prices of financial instruments in which any of the Funds or strategies invest can be highly volatile. Price movements of the securities and derivative contracts in which the Funds' assets may be invested are influenced

by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds and strategies are subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

- i. Leverage and Margin. In order to raise additional cash for investment, the Funds may borrow money from brokers in the form of portfolio margin and will pay interest thereon. Any investment gains made with the additional monies in excess of interest paid will cause the net asset value of the corresponding Fund to rise faster than would otherwise be the case. On the other hand, if the investment performance of the additional investments purchased fails to cover their cost (including any interest paid on the money borrowed) to the corresponding Fund, the net asset value of the corresponding Fund will decrease faster than would otherwise be the case. This is the speculative factor known as "leverage." The amount of money the corresponding Fund may borrow is limited by applicable margin limitations imposed by regulations adopted by the Federal Reserve Board. The Funds may also purchase portfolio investments in uncovered margin transactions. In the event of adverse market movements or other factors, the Funds may have to meet calls for substantial additional margin which may limit the corresponding Fund's assets available for other investments at an inopportune time. In addition, a change in the general level of interest rates may adversely affect the Funds.
- m. Industry Concentration. Because of their narrow focus, the performance of the Funds and separately managed accounts are tied closely to and affected by the sectors in which they invest. As is the case with other industries, or groups of closely related industries, certain companies often face obstacles, issues, or regulatory burdens. Consequently, such securities may react similarly and move in unison to changes in these or other market conditions. Moreover, because the Funds and separately managed accounts' investments may be concentrated in specific industries, the value of the Funds or separately managed accounts may be subject to greater volatility than funds and accounts with portfolios that are less concentrated. If such securities fall out of favor, the Funds or separately managed accounts could under-perform funds that focus on other types of securities.
- n. OTC Transactions. The Funds are likely to engage in transactions involving securities traded on OTC markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Funds to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the transaction. Therefore, to the extent that the Funds engage in trading on OTC markets, the Funds could be exposed to greater risk of loss through default than if they confined their trading to regulated exchanges.

- o. Brexit. On June 23, 2016, the United Kingdom (the "UK") held a referendum and voted to withdraw as a member of the European Union (the "EU") and a party to the Treaty on European Union and its successor treaties. On March 29, 2017, the UK delivered a letter to the EU invoking the applicable withdrawal procedures. While the UK officially withdrew as a member of the EU on January 31, 2020, it remains in a transition period during which the UK will generally continue to operate under EU rules while it continues to negotiate certain terms with respect to its withdrawal and the details regarding the ultimate outcome of the relationship between the UK and EU (and the UK and the rest of the world). Although the transition period is set to end on December 31, 2020, such period may be extended and the uncertainties surrounding the new relationship between the UK and the EU are likely to remain unknown for an extended period of time. The outcome of the referendum and the subsequent process and negotiation with respect to the UK's withdrawal have caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. Areas where the uncertainty created by the UK's withdrawal from the EU are relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the Alternative Investment Fund Managers Directive and the European Union Markets in Financial Instruments Directive), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal and any other referendums may adversely affect the value of investments and our ability to achieve investment objectives.
- p. Epidemics, Pandemics, and Public Health Issues. Our business activities as well as our clients and their operations and investments could be adversely affected by the outbreaks of epidemics globally, such as Coronavirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Specifically, Coronavirus, or COVID-19, has been spreading rapidly around the world since December 2019 and has negatively affected the global economy and the stock market. Although the long-term effects of Coronavirus cannot currently be predicted, previous occurrences of other pandemic and epidemic diseases, such as H5N1 and H1N1, had an adverse effect on the economies of those countries in which they were most prevalent. A recurrence 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, which would adversely affect the business, financial condition and operations of us and our clients. Should these or other major public health issues, including pandemics, arise or spread farther, we and our clients could be adversely affected by more stringent travel restrictions, additional limitations on the firm's operations or business and governmental actions limiting the movement of people between regions and other activities or operations.

While this information provides a synopsis of the events that may affect a Limited Partner/Shareholder's/Members investment in the Funds or SPVs, this listing is not exhaustive. Limited

Partners/Shareholders and Members should read the Risk Factors section in the corresponding Memorandum and LLC Agreement carefully.

A LIMITED PARTNER, SHAREHOLDER OR MEMBER MAY LOSE ALL OR A SUBSTANTIAL AMOUNT OF ITS INVESTMENT IN THE FUNDS OR THE SPVS.

An investment in any of the Funds or the SPVs should form only a part of a complete investment program, and an investor must be able to bear the loss of his or her entire investment. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing.

## Item 9: Disciplinary Information

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

## Item 10: Other Financial Industry Activities & Affiliations

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- A. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. As described in Item 4 above, the General Partner of the onshore Funds and the Managing Member of the SPVs is under common control with Adviser, and is principally owned by Jeremy and Michael Kahan. This has the potential to create a conflict of interest to the extent Adviser may be incentivized to favor one fund client over another. Adviser addresses this conflict of interest by treating all clients equitably, and at all times placing the interests of clients ahead of Adviser's own interests.
- D. The Adviser has and may in the future establish and operate additional investment funds or enter into other investment advisory relationships with other clients in the future (including clients who are also investors in the Fund), and such other funds or clients may be allocated all or part of investment opportunities that would also be appropriate for the Fund. The Adviser and its affiliates may have differing financial interests, direct or indirect, in the performance of the Fund, the SPV and other clients. As a result, and as mentioned above, the Adviser may have an incentive to favor other funds or clients with regard to the allocation of opportunities or participation in particular investments and with regard to the terms of any transactions among funds or clients.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

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- A. Adviser has adopted a Code of Ethics that will be provided to any client or prospective client upon request. Adviser's Code of Ethics describes the standards of business conduct that Adviser requires

of its supervised persons, which is reflective of Adviser's fiduciary obligations to act in the best interests of its clients. The Code of Ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the Code of Ethics to Adviser's Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the Code of Ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt. As a policy, employees of the Adviser will not be permitted to purchase or sell any individual equity securities, equity options, equity warrants, convertible bonds, derivative thereof or any ETF that has a concentration of greater than 30%. This restriction covers Adviser employee owned accounts and accounts over which they exercise investment discretion such as accounts for a spouse or their children.

- B. Michael Kahan is on the Board of Directors of a non-investment related business independent of Adviser, for which he dedicates up to approximately 10 hours of his time per week. As described in Item 4 and 10 above, the General Partner of the Funds and the SPVs is under common control with Adviser, and is principally owned by Jeremy and Michael Kahan. This has the potential to create a conflict of interest to the extent Adviser may be incentivized to favor one fund client over another. Adviser addresses this conflict of interest by treating all clients equitably, and at all times placing the interests of clients ahead of Adviser's own interests.

## Item 12: Brokerage Practices

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Adviser considers several factors when recommending a custodial broker-dealer for client transactions and determining the reasonableness of such custodial broker-dealer's compensation. Such factors include the custodial broker-dealer's industry reputation and financial stability, service quality and responsiveness, execution price, speed and accuracy, reporting abilities, and general expertise. Assessing these factors as a whole, allows Adviser to fulfill its duty to seek best execution for its clients' securities transactions. However, Adviser does not guarantee that the custodial broker-dealer recommended for client transactions will necessarily provide the best possible price, as price is not the sole factor considered when seeking best execution. After considering the factors above, Adviser has decided to utilize BTIG, LLC as the prime broker for the Funds, the SPVs and separately managed client accounts. BTIG, LLC utilizes Goldman Sachs & Co. and Pershing LLC to hold custody of the Funds' and SPVs' assets and separately managed client account assets.

- i. Adviser receives research and other products and services in connection with client securities transactions, which are known as "soft dollar benefits". Subject to Adviser's duty to seek best execution, these arrangements may not result in the execution of trades at the lowest available commission rates. As a result of these arrangements, the Funds and separately managed account clients may pay higher commissions than would be the case in the absence of such arrangements. In all events, Adviser will always seek to obtain best execution for portfolio transactions.
- ii. Adviser does not consider, in selecting or recommending custodial broker-dealers, whether Adviser or a related person receives client referrals from a custodial broker-dealer or third-party.



- iii. Adviser does not routinely recommend, request, or require that a client direct Adviser to execute transactions through a specified custodial broker-dealer.
- B. Adviser does not aggregate the purchase or sale of securities for client accounts.

## Item 13: Review of Accounts

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- A. Jeremy and Michael Kahan monitor client accounts on an ongoing basis. Such reviews are designed to ensure that the investment strategy for the Funds, SPVs and separately managed accounts are still on track to achieve its objective, and that the investments remain appropriate. Clients are encouraged to proactively reach out to Adviser to discuss any changes to their personal or financial situation.
- B. Other factors that may trigger a review include, but are not limited to, material developments in market conditions, material geopolitical events, and changes to the Funds investment objectives.
- C. The independent third-party administrator of the Funds and SPVs sends account statements and reports directly to investors in the Funds and the SPVs monthly. Such statements and reports are mailed to clients at their address of record or delivered electronically, depending on the client's election. If agreed to by Adviser and client, Adviser or a third-party report provider will also send clients reports to assist them in understanding their account positions and performance.

## Item 14: Client Referrals and Other Compensation

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- A. Nobody other than clients provides an economic benefit to Adviser for providing investment advice or other advisory services to clients. However, as described above in Item 12, the custodial broker-dealer(s) recommended for client accounts provides certain products and services that are intended to directly benefit Adviser, clients, or both.
- B. Adviser has entered into two referral relationships with independent third parties to raise capital for the Funds such that Adviser compensates the third-parties for client referrals based on a fixed percentage fee of the capital raised.

## Item 15: Custody

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For separately managed account clients that have their fees deducted directly from their account(s), Adviser will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. Adviser is deemed to have custody of the corresponding Fund's assets because it or its affiliate has the ability to deduct advisory fees payable to it and it has a general power of attorney over each Fund's account. Additionally, because the General Partner is under common control with Adviser, Adviser is deemed to have custody of the corresponding Fund's investments (cash, securities, and other assets). At no time will Adviser accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above. Furthermore, the corresponding Fund's financial statements are subject to an annual audit by an independent public accountant, and the audited financial statements are distributed to all investors in the Funds.

If a client receives account statements from both the administrator and Adviser or a third-party report provider, client is urged to compare such account statements and advise Adviser of any discrepancies between them.

## Item 16: Investment Discretion

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Adviser accepts discretionary authority to manage the Funds' and the SPVs investments pursuant the authorizations granted in the Memorandum, the Limited Liability Company Agreement, the Subscription Agreements, and/or the Limited Partnership Agreements. Clients may place reasonable limitations on this discretionary authority so long as it contained in a written agreement and/or power-of-attorney.

## Item 17: Voting Client Securities

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Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to:

- Adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of the client, including how its vote would economically impact (short or long term) the client's investment and how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients;
- Disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities;
- Describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and
- Maintain records of the Firm's general proxy voting philosophy, proxy material received the manner in which it was voted, the rationale for which it was voted if different from the Firm's general voting philosophy.

Adviser shall vote proxies related to securities held by any client in a manner solely in the best interests of the client. Adviser believes that voting proxies in accordance with the following policies is in the best interests of its clients.

- In general, the Firm votes with management on most routine matters such as the election of directors or ratification of auditors. Adviser votes in favor of matters that expand shareholder rights such as cumulative voting and declassification of the board of directors. Adviser votes against matters that dilute ownership or limit shareholder rights, such as poison pills and re-incorporation in Delaware. Regarding non-routine matters, Adviser seeks to benefit the economic interest of its clients.
- In the absence of specific voting guidelines from a client, Adviser will vote proxies in the best interests of the client. Adviser votes on issues sensitive to a particular client on a case-by-case basis in the best interest of the client. Adviser may contact a client directly regarding issues and take direction on how to vote particular proxies.

- If the issue to be voted upon in any proxy raises a material conflict of interest for Adviser, then Adviser will promptly disclose the conflict to the client and obtain the client's written consent before voting the proxy. If Adviser is unable to contact a client or otherwise obtain its written consent by the time the vote of the proxy is due, then Adviser will vote the proxy according to the guidelines, or based upon the recommendations of an outside service provider.

## Item 18: Financial Information

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This item is not applicable.