

Item 1. Cover Page

Brochure of
Balch Hill Capital, LLC
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March 21, 2022

This brochure provides information about the qualifications and business practices of Balch Hill Capital, LLC (“Balch Hill”). If you have any questions about the contents of this brochure, please contact Simon J. Michael at (415) 474-7055. 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 Balch Hill also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Form ADV Part 2A Firm Brochure Amendment serves as the annual update and contains no material changes since the last amendment, which was filed in March 2021.

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Item 4. Advisory Business

Balch Hill is a Delaware limited liability company that has been in business since 1998 and serves as the general partner of, and investment adviser to, an investment limited partnership, Balch Hill Partners, L.P. (the “Fund”). Balch Hill’s manager, sole owner and portfolio manager is Simon J. Michael. As of December 31, 2021, Balch Hill had total regulatory assets under management of \$160,394,775. Total net assets under management as of December 31, 2021 are 125,111,314. It only manages assets on a discretionary basis.

Balch Hill invests principally, but not solely, in equity and equity-related securities and commodities that are traded publicly in U.S. markets. Additional information about Balch Hill’s investment strategies is in Item 8. Balch Hill is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the Fund’s partnership agreement.

Balch Hill does not tailor its services to the individual needs of particular Fund investors but manages the Fund according to its stated strategy. Fund investors have no opportunity to select or evaluate any Fund investments or strategies. Balch Hill selects all investments and strategies.

Item 5. Fees and Compensation

Quarterly and Annual Fees

Balch Hill’s compensation is negotiable and varies, but typically, it charges an annual fee of 1% of assets under management, which amount is payable on the first day of each calendar quarter based on the net market value of each investor’s capital account balance in the Fund on that date. Balch Hill also is allocated from each investor in the Fund a performance allocation equal to 18% of net profits (including both realized and unrealized gains and losses) otherwise allocable to that investor. Performance allocations are assessed in arrears quarterly (and on withdrawals from the Fund during the year with respect to the amount withdrawn) and are only applied to the portion of profits that exceed the cumulative losses previously allocated to investors. Limited partner interests in the Fund held by Balch Hill, Mr. Michael and their affiliates or family members do not pay annual fees or performance allocations.

Balch Hill complies with Rule 205-3 under the Investment Advisers Act of 1940. Performance allocations create an incentive for Balch Hill to make more risky and speculative investments than it would otherwise make.

Balch Hill deducts management fees and performance allocations directly from the Fund.

To the extent that the Fund invests in mutual funds, investors also pay, indirectly, investment advisory fees to the managers of those funds.

Balch Hill believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in the Fund to use the “alternative reporting option” to report Balch Hill’s compensation as “eligible indirect

compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

Fees Relating to Withdrawals

Balch Hill’s relationship with the Fund will terminate on the Fund’s dissolution or on Balch Hill’s withdrawal as general partner. Each investor may withdraw from the Fund, on 30 days’ written notice, on the last day of any calendar quarter (subject to Balch Hill’s right to suspend withdrawals or redemptions in certain unusual circumstances). In all cases, investors’ accounts bear expenses, the pro rata portion of the management fee and the performance allocation through the date of termination or withdrawal. The Fund does not refund any management fee previously paid by an investor that withdraws on a date other than the last day of a quarter.

Expenses

The Fund may pay or reimburse Balch Hill for costs and expenses incurred by or on behalf of both Balch Hill and the Fund. Thus, the Fund may pay expenses of Balch Hill’s investment advisory business and the Fund’s own expenses. These expenses may include, for example, brokerage commissions, expenses related to short sales, and clearing and settlement charges), all ongoing legal, accounting, tax, bookkeeping, professional, expert and consulting fees and expenses (including the fees and expenses of attorneys for Balch Hill and its principal, research consultants, research related fees and expenses, portfolio and risk management systems, and quotation services and related equipment), and all of Balch Hill’s operating expenses. Some of these costs and expenses may be paid by securities brokerage firms and futures commission merchants (“FCMs”) that execute trades for the Fund, as discussed in Item 12.

Item 6. Performance-Based Fees and Side-By-Side Management

Balch Hill currently manages only the Fund, which pays performance-based compensation as described in Item 5. It does not manage accounts that do not pay performance-based compensation.

Item 7. Types of Clients

Balch Hill provides investment advice to the Fund. Investors in the Fund are required to invest a minimum of \$1,000,000, but Balch Hill may waive this minimum.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

Balch Hill invests and trades on the Fund’s behalf principally, but not solely, equity and equity-related securities that are traded publicly in U.S. markets, with a focus on technology stocks. It also invests in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed-income securities, private securities, non-U.S. securities, futures, options on futures, other commodity interests and money market instruments. The Fund also engages in short selling, hedging and other investment strategies. Balch Hill is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the Fund’s partnership or other account agreement.

Balch Hill's style is to take concentrated positions in a relatively small number of issuers, particularly technology companies. Its investment style is fundamental, contrarian and places significant emphasis on valuation. Technology stocks have inherently volatile fundamentals. This characteristic, together with the wide variety of available investment opportunities, results in frequent trading.

The investment strategy summarized above represents Balch Hill's current intentions, is general in nature and is not exhaustive. There are no limits on the types of securities or commodities in which Balch Hill may take positions on behalf of the Fund, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. Balch Hill may use any trading or investment techniques, whether or not contemplated by the expected investment strategy described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, Balch Hill may pursue any objectives or use any techniques that it considers appropriate and in the Fund's interest.

Risk Factors

Investing in securities and commodities involves risk of loss that investors should be prepared to bear. Below are brief summaries of some of the risks that investors should consider before investing in the Fund. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security or commodity held in the Fund, and could cause investors to lose substantial amounts of money. Potential investors should review the Fund's offering circular carefully, and consult with their professional advisers before deciding whether to invest. A potential investor should discuss with Mr. Michael any questions that such investor has before investing in the Fund.

Risks Associated with the Fund's Investment Strategies

- The Fund may not achieve its investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- The Fund is concentrated in securities of technology companies, many of which have micro- to small-sized market capitalizations. Those securities involve substantially higher risks than do investments in securities of non-technology sector and larger companies, such as volatility and low trading volumes.
- Technology is characterized by short product cycles, declining prices and products, significant competition, intellectual property violations, product failures and obsolescence. In particular, technology can be significantly affected by internet failures, denial of services attacks, malicious software, computer viruses and other performance interruptions. Neither Balch Hill nor the companies in which it invests have any significant control over the rate of technological developments. A company may not acquire or develop necessary technology, it may acquire the rights to or develop a technology that becomes obsolete, or its product or service may not be commercially successful. The technology industry may be subject to greater governmental regulation than many other industries.

- The companies in which the Fund invests may require additional funding to successfully develop a service or product. The Fund may not want or be able to make follow-up investments. Any decision not to make follow-up investments may have substantial adverse effects on portfolio companies, result in missed opportunities for the Fund to increase its participation in successful ventures, or may decrease the value of the Fund's portfolio.
- Balch Hill invests in private companies with limited or no liquidity. These holdings may become worthless with no opportunity for the Fund to sell them before they become worthless.
- Balch Hill may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies. There may be less information available about these issuers than larger companies. They may lack operating capital, experienced management or market acceptance, and may face competition from more established businesses.
- The success of Balch Hill's investment strategy depends on the skill and acumen of Mr. Michael, its portfolio manager. If Mr. Michael should cease to participate in Balch Hill's activities, its ability to select attractive investments and manage its portfolio could be severely impaired.
- The Fund may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- Balch Hill may not obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Balch Hill also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for the Fund when the Fund could make a profit or avoid losses.
- Balch Hill may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Balch Hill is not obligated to hedge the Fund's portfolio positions, and it frequently may not do so.
- The Fund may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Balch Hill sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase. To make a short sale, the Fund must borrow the securities being sold short. It may be impossible to borrow securities at the most desirable time to make a short sale.
- Special rules, which differ from jurisdiction to jurisdiction, may prevent the Fund from executing short sales at the most desirable time.

- Management and stockholders of an issuer may sue short sellers to deter short sales of the issuer's securities. Balch Hill and the Fund could be subject to such actions, even if they are baseless, and the Fund could incur substantial costs defending them.
- Balch Hill sells securities short, and may trade futures, other commodity interests and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- Balch Hill may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Trading stock index futures is risky. Price movements in the stock index and the underlying securities do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange. There is no secondary market or may be no active market for such contracts. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate beyond those limits, the Fund may not be able to liquidate unfavorable positions promptly and may lose money.
- Counterparties such as brokers, dealers, FCMs and custodians with which Balch Hill does business on behalf of the Fund may default on their obligations. For example, the Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Balch Hill may cause the Fund to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- Balch Hill may cause the Fund to invest in securities of non-U.S. issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- The Fund may invest in fixed-income securities, which are subject to interest rate risk, inflation or deflation risk, limited liquidity and the risk of default on repayment by the issuer.
- The Fund and its service providers rely heavily on technology, including electronic trading, to conduct the Fund's activities. Disruptions to these systems or cybersecurity breaches may cause disruptions to business operations, losses due to theft, interfere with the Fund's investment strategy and net asset value calculations, impede trading, or lead to violations of privacy laws, regulatory fines and penalties, reputational damage, or other costs.
- Balch Hill may acquire for the Fund a large position in an issuer's securities but neither Balch Hill nor the Fund is likely to have any control over the issuer's management. In addition, if the Fund holds a large position in an issuer's securities, its subsequent sale of all or any part of that position could depress the market for those securities.

- Some of the Fund's positions may be or become illiquid, in which case Balch Hill may not be able to sell those positions.
- The Fund may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly traded securities and may never become publicly traded.

Fund Structure Risk

- Balch Hill has delegated valuation of publicly traded securities to the Fund's administrator. Where feasible, Balch Hill obtains independent third-party pricing for restricted securities. If the valuations that Balch Hill obtains are inaccurate, Balch Hill might receive more compensation than that to which it is entitled, a new Fund investor might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.
- The Fund, and not Balch Hill, is responsible for any trade errors that Balch Hill makes, even when the error hurts the Fund or an investor.
- Balch Hill and its affiliates and agents generally are not responsible to the Fund or any investor for losses incurred in the Fund unless the conduct resulting in such loss breached Balch Hill's fiduciary duty to the Fund or investor.
- If the assets that Balch Hill manages grow too large, it may adversely affect performance, because it is more difficult for Balch Hill to find attractive investments as the amount of assets that it must invest increases.
- There is not and will never be an active market for Fund interests. It may be impossible to transfer those interests, even in an emergency.
- The Fund may be unable to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force Balch Hill to sell portfolio positions too rapidly, and so reduce the size of the Fund that it cannot generate returns or reduce losses.
- The Fund may limit or suspend withdrawals of an investor's assets from the Fund.
- The Fund may establish a reserve for contingencies if Balch Hill considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- On an investor's withdrawal of assets from the Fund, Balch Hill may place that investor's share of any illiquid securities that the Fund holds (particularly private securities) in a liquidating fund. The investor would not be able to withdraw its assets in the Fund related to those illiquid securities until they were sold, and there is no guarantee that they would ever be sold.

- No investor in the Fund has been represented by separate counsel. The attorneys who represent Balch Hill or Mr. Michael do not represent investors. Investors must hire their own counsel for legal advice and representation.
- The Fund may dissolve or expel any investor at any time, even if such actions adversely affect that investor.
- The Fund does not intend to make distributions but intends instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from the Fund without a cash distribution to pay the related taxes.
- If the Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- Balch Hill and Mr. Michael may spend time on activities that compete with the Fund without accountability to investors, including investing for their own accounts. If Balch Hill receives better compensation and other benefits from managing other assets compared to managing the Fund, it has an incentive to allocate more time to those other activities. These factors could influence Balch Hill not to make investments on the Fund's behalf even if such investments would benefit the Fund.
- Balch Hill provides certain investors more frequent or detailed reports, special compensation arrangements and liquidity terms that it does not provide to other investors. For example, the General Partner may permit a Limited Partner to carry over Unrecouped Losses that relate to withdrawn capital to new Capital contributions, thus reducing that Limited Partner's Special Profit Allocation. Balch Hill advises all investors that these more frequent or detailed reports are available upon request.

General Risks

- Changes in economic conditions can adversely affect investment performance. In recent years, economic conditions in the U.S. and elsewhere have fluctuated significantly, resulting in volatile securities and commodities markets and large investment losses. Government actions responding to these conditions could lead to inflation, other negative consequences to investors and negatively affect the Fund in unpredictable ways.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Balch Hill must devote to regulatory compliance, to the detriment of investment activities.
- Balch Hill is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. Fund interests are not registered under the Securities Act of 1933, and the Fund is not a registered investment company under the Investment Company Act of 1940. Balch Hill believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Balch Hill and the Fund could be subject to expensive and distracting legal action and potential termination. In addition, investors

in the Fund do not have certain regulatory protection that they would have if these registrations were in place.

- Balch Hill's activities could cause adverse tax consequences to investors, including liability for interest and penalties.
- Balch Hill's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- Balch Hill or any government agency may freeze assets that either of them believes an investor holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist and may transfer such assets to a government agency. Balch Hill and the Fund will not be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.

Item 9. Disciplinary Information

This Item is not applicable because Balch Hill has no reportable disciplinary information.

Item 10. Other Financial Industry Activities and Affiliations

Not applicable.

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

Balch Hill has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for Mr. Michael as Balch Hill's only supervised person. The Code of Ethics includes general requirements that Mr. Michael comply with his fiduciary obligations to investors and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of investor information. Investors and prospective investors may obtain a copy of Balch Hill's Code of Ethics by contacting Mr. Michael.

Under the Code of Ethics, Balch Hill and Mr. Michael may personally invest in the same securities and commodities that Balch Hill purchases for the Fund and may own the same securities that Balch Hill subsequently purchases for the Fund. This practice creates a conflict of interest in that Mr. Michael can use his knowledge about actual or proposed securities and commodities transactions and recommendations for the Fund to profit personally by the market effect of such transactions and recommendations. To address this conflict, if Balch Hill purchases or sells a security or commodity for the Fund and Mr. Michael on the same day, either the Fund and Mr. Michael pay or receive the same price, or the Fund receives the more favorable price. Balch Hill and Mr. Michael may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, that Balch Hill does not believe appropriate to buy or sell for the Fund. Balch Hill is not obligated to acquire for the Fund any security or commodity that Balch Hill or Mr. Michael may acquire for their own accounts.

Balch Hill may buy securities from or sell securities to the Fund. The Fund's partnership agreement authorizes Balch Hill to appoint a committee of three unaffiliated limited partners with

the power to authorize each such transaction. Balch Hill will obtain such authorization before each such transaction settles.

Item 12. Brokerage Practices

Balch Hill has complete discretion in selecting the broker or FCM it uses for Fund transactions and the commission rates to be paid. In selecting a broker or FCM, Balch Hill considers a number of factors, including, for example:

- clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- the availability of stocks to borrow for short trades;
- special execution capabilities;
- outsourced trading services;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- willingness to commit capital;
- knowledge of market participants;
- order of call;
- custody and recordkeeping;
- offering to Balch Hill on-line access to computerized data regarding the Fund's account;
- computerized trading systems;
- economic and market information;
- portfolio strategy advice;
- industry and company comments;
- technical data;
- performance measuring data;
- on-line pricing; and
- general business or operational consulting.

Balch Hill typically does not use soft dollar services, but it may purchase from a broker or FCM or allow a broker or FCM to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- periodic subscription fees;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges;
- portfolio and risk management systems; and
- consulting, investment banking and other professional fees related to particular existing or prospective investments.

The Fund's partnership agreement authorizes Balch Hill to use other soft dollar services.

Balch Hill may receive soft dollar credits based on principal, as well as agency, securities and commodities transactions with brokers and FCMs or direct a broker or FCM that executes transactions to share some of its commissions with a broker or FCM that provides soft dollar benefits to Balch Hill.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If Balch Hill uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

Balch Hill may pay a broker or FCM commissions and mark-ups that exceed those that another broker or FCM might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or FCM provides. Balch Hill determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Balch Hill’s overall fiduciary duty to the Fund and its investors. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity.

Balch Hill’s relationships with brokers and FCMs that may provide soft dollar services influence Balch Hill’s judgment in allocating brokerage business between firms that may provide soft dollar services and firms that do not. Balch Hill has an incentive to select or recommend a broker or FCM based on Balch Hill’s interest in receiving potential soft dollar services rather than investors’ interest in receiving the most favorable execution.

Balch Hill addresses these conflicts of interest by periodically evaluating the trade execution services that it receives from the brokers and FCMs that it uses to execute trades for the Fund. Such evaluation includes comparing those services to the services available from other brokers and FCMs. Balch Hill considers, among other things:

- alternative market makers and market centers;
- the quality of execution services;
- the value of continuing with various soft dollar services and adding brokers or FCMs to, or removing them from, the list of approved brokers and FCMs that Balch Hill uses;
- increasing or decreasing targets for each broker or FCM; and
- the appropriate level of commission rates.

Balch Hill has retained certain brokerage firms to serve as the Fund’s prime broker and custodians. Balch Hill may replace these firms or appoint additional firms at any time. The services that these firms currently provide include custody, clearing, settlement and stock borrowing. They also may provide Balch Hill with:

- technology services (such as internet access, IT support, Bloomberg connections, wireless networking, e-mail archiving and disaster recovery systems);
- capital introduction;
- portfolio reporting; and
- access to electronic communications networks.

These services may be deemed to be soft dollar services. Balch Hill expects to use a substantial portion of these services for research and trading on behalf of the Fund, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Balch Hill is not required to direct a particular number of trades to these firms or to continue to use them as the Fund's prime broker and custodian, but it has an incentive to do so based on their prior and continued services.

The Fund's obligations to any custodian (and its affiliates) are secured by a first priority perfected security interest over all of the Fund's assets held in custody by that custodian. A custodian may transfer to itself or its affiliate all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes. If any such transfer occurs, the Fund will rank as such custodian's (or affiliate's) unsecured creditor. If such custodian or affiliate becomes insolvent, the Fund may not be able to recover its Securities in full. In addition, the Fund's cash held by a custodian may not be segregated from such custodian's own cash. If not so segregated, such custodian or its affiliate may use such cash in the course of its business and the Fund would rank as an unsecured creditor in relation thereto. In addition, at any time when certain events of default occur, a prime broker may, without notice, cancel any outstanding orders for the purchase, sale, borrowing or lending of any securities or other property, terminate pending transactions, or sell or exercise any right or remedy with respect to any collateral posted to any account, or buy in any Securities or other property that the Fund may be short.

If any of the Fund's investments are registered in the name of a custodian or its affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or its affiliate becomes insolvent, the Fund may not be able to recover its investments in full.

Item 13. Review of Accounts

As Balch Hill's manager, sole owner and portfolio manager, Mr. Michael reviews all Fund transactions at least weekly. Those reviews take into account such matters as asset allocation, cash management and the prospects of individual issuers. Mr. Michael gives particular attention to changes in company earnings, industry and company outlook, market outlook and price levels. Each investor receives at least monthly unaudited performance updates. Additionally, each investor receives at least quarterly from the Fund's administrator investment statements, including unaudited performance results.

Item 14. Client Referrals and Other Compensation

Balch Hill does not use solicitors.

Item 15. Custody

Under the SEC's custody rule applicable to investment advisers, Balch Hill is deemed to have custody of the Fund's assets. In accordance with the custody rule, a qualified custodian is not required to deliver quarterly account statements to the Fund or its investors as long as (i) the Fund is audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Fund's audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) Balch Hill delivers such annual audited financial statements to investors within 120 days after the end of the Fund's fiscal year.

Item 16. Investment Discretion

Balch Hill has discretionary authority to manage the Fund pursuant to a grant of authority in the Fund's limited partnership agreement.

Item 17. Voting Client Securities

Balch Hill decides whether to vote a proxy on behalf of the Fund after considering whether the proposal will have a material effect on the Fund's holdings of the related issuer's securities. This analysis usually leads Balch Hill to not vote a proxy. In determining whether a proposal serves the Fund's best interests, Balch Hill considers a number of factors, including:

- the proposal's economic effect on the Fund;
- the threat that the proposal poses to the Fund's rights as a shareholder;
- the dilution of the Fund's position that would result from the proposal;
- the effect of the proposal on management or director accountability; and
- if the proposal is a shareholder initiative, whether it wastes time and company resources or reflects the grievance of one individual.

Balch Hill abstains from voting proxies when it believes that it is appropriate to do so (for example, the likely economic effect of the proposal on the Fund does not merit the expense of properly evaluating it).

If a material conflict of interest over proxy voting arises between Balch Hill and the Fund or an investor, Balch Hill will vote all proxies in a manner that Balch Hill deems is generally in the best interest of the Fund and its investors.

An investor can obtain a copy of Balch Hill's proxy voting policy and a record of votes cast by Balch Hill on behalf of the Fund by contacting Mr. Michael.

Item 18. Financial Information

This Item is not applicable because Balch Hill is not required to report financial information.

Privacy Policy

Balch Hill and the Fund:

- collect non-public personal information about investors from the following sources:
- information received from investors on applications or other forms, and
- information about investors' transactions with Balch Hill, the Fund or others;
- do not disclose any non-public personal information about investors or former investors to anyone, except as permitted by law;
- restrict access to non-public personal information about investors to their employees and service providers (such as attorneys and accountants) who need to know that information to provide services to investors; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard investors' personal information.