

SHEFFIELD ASSET MANAGEMENT, L.L.C.
Part 2A of Form ADV: Firm Brochure

ITEM 1: COVER PAGE

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This brochure provides information about the qualifications and business practices of Sheffield Asset Management, L.L.C. ("Sheffield"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact us at 312-506-6866 or compliance@sheffieldmgmt.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional Information about Sheffield is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Since the last annual amendment of this brochure in March 2021, no material changes were made to the brochure.

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ITEM 4: ADVISORY BUSINESS

Sheffield Asset Management, L.L.C., a Delaware limited liability company, began operation in February of 2003. Sheffield serves as the investment manager for and provides discretionary investment advisory services to a private investment fund which is offered to outside investors. The private investment fund is Sheffield Partners, L.P., which we refer to as the "Fund". Beginning February 1, 2019 Sheffield began advising a client in a separately managed account structure (the "Managed Account") (collectively, the Fund and Managed Account, "Clients").

Brian Feltzin, who we refer to as the "Principal," is the founder, Managing Member and a Portfolio Manager of Sheffield. Grosvenor Capital Management, L.P., a Chicago-based investment manager, has a contractual right to receive payments from Sheffield based on a percentage of certain of Sheffield's revenues. Grosvenor's interest in Sheffield does not represent any form of equity interest in Sheffield or in any Fund. Grosvenor does not control Sheffield or participate in any of its investment decisions.

Sheffield acts as general partner of the Fund, which is a Delaware limited partnership. Sheffield also acts as the investment adviser and trading manager with respect to the assets of the Managed Account.

On behalf of the Fund, Sheffield trades a variety of domestic and foreign securities, futures, derivatives and other instruments, including stocks, convertible securities, bonds, structured instruments and over-the-counter derivatives; however, the Fund's portfolio focuses primarily on equity and equity-related securities. Sheffield takes both long and short positions in these instruments. The Fund has a broad investment mandate, and there are no material limitations on the instruments that Sheffield trades on behalf of the Fund. The Fund is subject to no formal diversification policies.

Sheffield has full discretion in trading on behalf of the Fund. It does not require, and does not seek, approval from the Fund or the investors in the Fund with respect to its trading. Sheffield does not tailor its advisory services to the individual needs of investors in the Fund, and investors in the Fund may not impose restrictions on investing in certain securities or types of securities. Sheffield does not participate in wrap fee programs.

On behalf of the Managed Account, Sheffield has full and exclusive discretionary authority with respect to the investment and reinvestment of assets. The Managed Account's portfolio primarily consists of equity securities. The investment objective of the Managed Account is to generate long-term capital appreciation and long-term capital gains within the investment guidelines agreed to between the Managed Account and Sheffield.

As of December 31, 2021, Sheffield managed approximately \$206,815,864 of regulatory assets, all of which is managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Compensation

Compensation received by Sheffield from Clients consist of fees based on a percentage of assets under management. In addition, performance-based amounts, as more fully described below, are received from the Fund.

Sheffield receives a management fee from Clients, in advance and on a quarterly basis, at a rate equivalent to an annual rate ranging from 1.0% to 1.5% of the net asset value of an investor's interest in the Fund and of the net asset value of the Managed Account. The management fee rate for the Fund generally differs based on the liquidity associated with the relevant interest, with interests having less liquidity being subject to a lower management fee.

Sheffield receives an annual performance-based allocation of between 17.5% and 20% of "new profit," i.e., profit in a particular year in excess of the "high water mark" attributable to a particular "tranche" of interests in the Fund. A "tranche" is a group of interests in the same series of a Fund held by the same investor and with the same date of investment. For example, an investor who invests in a particular series of interests in a Fund on two different dates will have two separate tranches of interests. The high water mark for a tranche is equal to the highest cumulative profit attributable to the tranche as of the end of any previous year, or \$0 if there have not been profits attributable to the tranche as of the end of any previous year. This performance-based fee is designed to align Sheffield's interests with those of its investors. The percentage of profits allocated or paid to Sheffield as performance-based compensation differs based on the liquidity associated with the relevant interest, with interests having less liquidity paying a lower amount. In addition, the offering documents for the Fund includes a discount mechanism for investor relationships over \$100 million.

Method of Payment of Fees

All fees or allocations received from the Fund by Sheffield are deducted from the Fund or investor accounts. The management fee received from the Managed Account by Sheffield is deducted from the Managed Account.

Operating Expenses, Including Brokerage and Other Transaction Costs

In addition to the compensation payable to Sheffield, the Fund pays its ongoing operating and offering costs as set forth in the offering documents for the Fund, including, but not limited to:

- brokerage commissions, dealer mark-ups and other costs of executing transactions, which are discussed in more detail below;
- interest expense;
- legal, auditing, reporting and accounting expenses and regulatory reporting expenses (including, but not limited to, expenses incurred in connection with complying with Securities and Exchange Commission and Commodity Futures Trading Commission reporting obligations, such as expenses associated with reports of beneficial ownership of securities held by the Fund, as well as costs of preparing regulatory filings by the Fund or by Sheffield with respect to the Fund (including, but not limited to, Form PF));

- consulting fees and charges and the fees and charges of third parties retained by Sheffield to assist in evaluating prospective investments and monitoring existing investments by the Fund, including research-related travel expenses;
- fees of the Fund administrator;
- due diligence costs associated with evaluating trades in which the Fund invests, including travel expenses and payments to third parties for services such as identifying, evaluating, analyzing, pricing and developing trading strategies for trading in certain markets and implementing, managing and evaluating these strategies;
- computer software, data and information sources (such as Bloomberg) and licensing costs;
- research costs;
- costs and expenses related to directors' and officers' insurance;
- fees incurred in connection with the custody of assets of the Fund; and
- extraordinary expenses, including expenses relating to litigation or administrative proceedings.

In some cases, Sheffield pays certain expenses directly and obtain reimbursement therefor from the Fund.

The Fund is charged brokerage commissions, bid-ask spreads and other transaction costs and expenses in connection with their trading and investment activities as well as custodian fees for Fund assets held in cash or securities at various banks, broker-dealers and other financial institutions. For a discussion of the brokerage arrangements that Sheffield enters into on behalf of the Fund, see Item 12 below. In addition, from time to time, the Fund invests in unaffiliated money market funds, mutual funds or exchange-traded funds, which charge management fees and expenses as disclosed in the specific fund's prospectus.

The Managed Account bears all expenses incurred in connection with its operation and investment activities, including service provider fees and expenses, stamp and other duties, taxes of whatsoever nature, impositions fiscal charges and/or brokerage charges which may become due and payable in respect of any transaction carried out for the Managed Account.

When Sheffield incurs an expense, it must determine whether to pay the expense directly or allocate all or a portion of the expense to the Fund, the Managed Account, or both. Sheffield makes these determinations in accordance with the language contained in the Fund's offering documents and the Managed Account's investment advisory agreement, but there is some discretion involved. This creates a potential conflict of interest in that expenses allocated to the Clients are borne by the investors rather than by Sheffield. Sheffield has adopted and implemented written compliance policies and procedures designed to address this conflict and ensure that Sheffield abides by its fiduciary duty to act in the best interests of its Clients.

Negotiation of Fees: Waivers

Compensation payable to Sheffield is generally not negotiable, but under certain circumstances, Sheffield may, in its discretion, waive all or a portion of its management fees and/or incentive compensation for a particular investor.

Pre-Payment of Fees

As discussed above, management fees are paid by the Clients quarterly in advance but do not accrue until the end of each month. If an investor withdraws during a calendar quarter, Sheffield will refund a *pro rata* portion of the management fee applicable to the withdrawn capital for that quarter, based on the timing of the withdrawal date.

Early Withdrawal Fees

In certain circumstances set forth in the Fund's offering documents, investors may be charged an early withdrawal fee for withdrawing capital prior to their scheduled liquidity dates. In the event that this fee is charged, the fee will be paid to the Fund and will not be paid directly to Sheffield.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in greater detail in Item 5 above, Sheffield receives performance-based compensation from investors in the Fund in the form of an allocation equal to a percentage of the appreciation in the net asset value of the investor's interest in the Fund.

Once a Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The performance-based compensation received by Sheffield creates a conflict between Sheffield's interest in earning a profit in the short term and the long term interests of the Fund and its investors. Specifically, Sheffield has an incentive to invest Fund assets in investments that are riskier or more speculative than would be the case if Sheffield were only compensated based on a flat percentage of capital, because these investments may allow Sheffield to collect larger performance-based compensation in a given year. This conflict is mitigated in part by the high water mark applicable to the payment of Sheffield's performance-based compensation, as discussed in greater detail in Item 5 above. The high water mark prevents Sheffield from collecting any performance-based compensation unless the Fund produces new profits allocable to investors in the given year. To further address this conflict, Sheffield has adopted and implemented written compliance policies and procedures designed to ensure that Sheffield abides by its fiduciary duty to act in the best interest of the Fund.

ITEM 7: TYPES OF CLIENTS

Sheffield provides discretionary investment advice to Clients. Investors generally consist of institutions, family offices, fund of funds, high net worth individuals and trusts. The Fund limits its investors to persons who are both "accredited investors," as defined in the Securities Act of 1933, and "qualified clients," as defined in the Investment Advisers Act of 1940, which we refer to as the "Advisers Act." The minimum initial investment for the Fund is currently \$1 million. All minimums can be reduced or waived in Sheffield's sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objectives, Philosophy and Overview

Client's capital is concentrated in a limited number of long term investments in securities of businesses which Sheffield believes to be trading at attractive prices relative to their intrinsic value. Sheffield defines intrinsic value as the amount an informed, rational buyer would pay for ownership of an entire company.

The Fund may invest in both long and short positions in domestic and foreign common and preferred stocks, bonds, notes, options, index securities and other financial instruments that Sheffield believes offer the potential for attractive risk-adjusted returns. The Fund invests in both readily marketable and illiquid securities. The Fund may also invest in new issues of securities, provided that they comply with all of the rules and regulations pertaining to such investments, including the conduct rules of the Financial Industry Regulatory Authority, Inc., commonly referred to as "FINRA." The Managed Account invests in a limited number of long readily marketable equity securities and generally focuses on small and middle capitalization companies but may include large capitalization companies as well.

Sheffield's investment philosophy is based upon the belief that, over the long term, the investment environment is generally both rational and efficient. Over the short term, however, the investment environment can be characterized by inefficiencies whereby a company's public market value deviates materially from its intrinsic value.

Sheffield believes that intrinsic value, in contrast to public market value, is an imprecise concept that can be estimated only by undertaking substantial due diligence, including rigorous company, financial and industry analysis. The basis of the investment philosophy is to attempt to exploit significant differences between intrinsic and market value. Sheffield will focus on investments with respect to which it has identified a likely catalyst which may cause Sheffield's perceived discount from or premium over intrinsic value to correct in the near- to mid-term.

Sheffield attempts to implement a disciplined, value oriented approach to investing, but believes that maintaining a flexible and opportunistic investment style is important to the Clients' prospects for success.

Investment Strategy

Sheffield's objective for its Clients is to construct and maintain a portfolio of proprietary, value oriented ideas based on original research. The Clients' portfolios focus primarily on equity and equity-related securities, but Sheffield will look opportunistically at all asset classes for the Fund. Sheffield believes that three key elements distinguish its investment strategy:

- a focus on some of the most complex and inefficient areas of the equity and debt markets;
- the ability to identify promising and proprietary investment candidates; and
- the ability to conduct independent and extensive due diligence.

Sheffield also believes that the most interesting investment candidates are typically characterized by some degree of complexity that dissuades most institutional investors from further investigation.

These investments include securities of companies that are engaged in special situations, including spin-offs, liquidations, litigation situations, bankruptcies, corporate restructurings, takeover bids, rights offerings, exchange offers, tender offers, special dividends and similar transactions.

Sheffield believes that complex investment opportunities often reward diligent research. Sheffield's due diligence focuses on analyzing both qualitative and quantitative criteria and includes interviewing management teams, industry analysts, competitors, suppliers and customers, as well as comprehensive analysis of each prospective investment's public financial statements.

The Fund may allocate a portion of its portfolio to distressed investments. Sheffield believes that companies in financial distress often have significant value, which can be realized through recovery, restructuring or reorganization. When investing in distressed securities, Sheffield seeks to profit from market inefficiencies resulting from the uncertainties surrounding potential insolvencies and restructurings and the lack of information in the market about the prospects for companies involved in such proceedings.

A portion of the Fund's portfolio is invested in short positions. Sheffield classifies companies whose securities may be appropriate for a short sale, which it refers to as "short candidates," into one or more of the following five categories: growth; commodity; compounder; value; and cyclical. Growth short candidates typically exhibit a price-to-earnings ratio that embeds high expectations for sales growth that Sheffield believes to be unachievable based on an assessment of underlying market growth. Commodity short candidates typically exhibit high gross profits per unit of production combined with a deteriorating supply/demand balance that is likely to impact future returns. Compounder short candidates typically exhibit super-normal returns versus their peer group and face a material competitive threat to their business model. Value short candidates typically exhibit valuation multiples that imply limited growth expectations and stability in operating performance coupled with industry or company-specific fundamentals that Sheffield believes will deteriorate, putting those valuation multiples at risk. Sheffield will also short cyclical companies that it believes are overearning versus their history and are subject to weakening conditions in the underlying commodity market that are likely to cause a market correction. Sheffield believes that its short selling strategy should help to reduce the Fund's overall return volatility.

Investment Process

The first step in Sheffield's investment process is to identify investment opportunities for further review. Sheffield has substantial experience in identifying both value oriented investments and companies which are undergoing defined corporate events that create "special situation" investment opportunities. Sheffield believes that the ability to eliminate less attractive opportunities efficiently, allowing for more focused research and analysis of a smaller number of prospective investments, is the critical element in this first step.

Having identified a universe of prospective investments, Sheffield then attempts to gather as much information as Sheffield deems practicable concerning each prospective investment in an effort to develop an understanding of the quality of the business. On those prospective investments which meet Sheffield's qualitative standards, Sheffield then performs a detailed analysis of the company's financial position and prospects. Sheffield's due diligence may include, among other things, visiting with the company to conduct in-depth interviews with management and speaking with experts in the industry in which the company operates. The next elements in the decision making process involve properly assessing a security's risk/reward relationship, including potential downside, attempting

to identify the timing and significance of potential catalysts, and establishing a price target and exit criteria.

Research based individual stock selection drives the portfolio composition; Sheffield generally does not make macroeconomic bets or attempt to time the market.

Portfolio Management

Sheffield generally concentrates a majority of the Fund's portfolio in a relatively small number of core long positions. Sheffield believes that focusing on a smaller number of investments allows for more time to monitor each position closely. Although Sheffield generally does not commit more than approximately 15% of the Fund's capital to any single investment, the Fund is subject to no formal diversification policies. There are no material limitations on the amount the Fund may invest in a particular company, the strategies which Sheffield may implement on behalf of the Fund or the markets and instruments in which the Fund may trade and invest.

Sheffield concentrates the Managed Account's portfolio in a relatively small number of core long positions while adhering to the investment guidelines agreed to between Sheffield and the Managed Account.

In many cases, Sheffield builds a position in a company over time, increasing the position size as Sheffield becomes more comfortable with the company's management and the risks associated with its business. The Clients' portfolios will often hold positions in a company for several years. While the Clients' portfolios generally have relatively low portfolio turnover, Sheffield may from time to time trade in and out of positions in an effort to enhance returns. This repositioning may include acquiring more securities of a company, moving from one level of the capital structure to another, buying and selling securities of a company as the market price fluctuates within Sheffield's target range, or some combination thereof.

Risk Management

Sheffield attempts to manage risk through a variety of methods. The goal of preservation of capital guides its investment decisions. Sheffield manages company-specific risk by limiting position sizes, as well as by building the Clients' portfolios from the bottom up, through independent, proprietary research.

Sheffield manages the Fund's portfolio such that gross market exposure (*i.e.*, the value of long positions and the absolute value of short positions in the portfolios as a percentage of equity) and net market exposure (*i.e.*, the value of long positions minus the value of short positions in the portfolio as a percentage of equity) are generally within targeted guidelines.

The liquidity of an investment is one of several important factors that Sheffield considers in determining the maximum amount of capital that the Fund will allocate to it. Sheffield sets buy and sell targets for each Fund investment before the initiation of a position, and will reappraise such targets on an ongoing basis until the investment is liquidated.

Sheffield manages the Managed Account portfolio such that the portfolio adheres to the investment guidelines set forth in the investment advisory agreement.

Sheffield generally establishes positions incrementally in a manner so that the Clients' commitment may increase as more detailed analysis permits a better assessment of each investment's prospects.

There is no assurance that even robust risk management will mitigate or prevent Clients from experiencing significant losses. By investing in the Fund or Managed Account, investors must be prepared to bear these losses. Investors are relying on the discretionary market judgment of Sheffield, trading in a wide range of strategies and markets and in investing in positions with a wide range of durations, without being subject to diversification requirements, leverage restrictions or any other form of mandatory trading policies.

Material Risks of Sheffield's Strategy

Investing in securities involves a risk of loss that investors in the Fund and Managed Account should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of the Fund's and, where applicable, the Managed Account's trading. This summary does not attempt to describe all of the risks associated with an investment in or the strategy of the Fund or Managed Account. The Fund offering documents contain a more complete description of these risks.

Small to Medium Capitalization Companies. The Clients' portfolios invest in and trade equity securities of companies with small to medium-sized market capitalizations in the United States and abroad. The Fund can also trade in debt securities of companies with small to medium-sized capitalizations in the United States and abroad. While Sheffield believes that these investments provide significant opportunities, these stocks, particularly stocks of companies with smaller capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of these securities are often more volatile than prices of securities of large capitalization companies, and the public information regarding the securities of small to medium-sized companies may be less complete, accurate and timely. In addition, due to lower trading volumes in some of these securities, investments may be less liquid than investments in the securities of larger capitalization companies.

Concentration. The Fund is not subject to any formal policies regarding diversification and may sometimes concentrate portfolio holdings in sectors and companies in light of investment considerations, market risks and other factors. There is no minimum or maximum position size for any of the securities in the portfolio. Each buy and sell decision will be re-evaluated and monitored on an ongoing basis in light of then-existing conditions.

Distressed Securities. The mispricings on which the Fund attempts to capitalize in their distressed investing reflect both the risk and the uncertainty of these investments. The long term and illiquid nature of many of these investments increases their risk, as the Fund may be unable to exit these investments in order either to recognize profits or limit losses. Distressed securities may exhibit high mark to market volatility, require extensive due diligence and medium to long term holding periods, are generally illiquid and demand constant monitoring and carefully engineered exit strategies. Furthermore, it may be difficult to obtain information as to the true condition of the issuers in which the Fund invests.

Non-U.S. Investments. The Clients' portfolios may invest a significant portion in securities of non-U.S. issuers and governments. Non-U.S. investments involve certain special risks, including, but not limited to: political or economic instability; the unpredictability of international trade patterns; the possibility of non-U.S. governmental actions such as expropriation, nationalization or confiscatory taxation; the imposition or modification of currency controls; price volatility; withholding taxes on dividends, interest and gains; different bankruptcy laws and practices; limitations on use or removal of funds or other assets; changes in governmental administration or economic or monetary policy;

changed circumstances in dealings between nations; fluctuating currency exchange rates; and the lack of, or different, regulations.

As compared to U.S. entities, non-U.S. entities may disclose less financial and other information publicly and may be subject to less stringent and less uniform accounting, auditing and financial reporting standards. In addition, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against U.S. entities.

Currency Risk. In the event that the Clients' portfolios hold securities denominated in currencies other than U.S. dollars, those securities will be affected favorably or unfavorably by changes in currency rates and in exchange control regulations, and the Clients may incur costs in connection with conversions between various currencies.

Reliance on Corporate Management and Financial Reporting. Sheffield relies on the financial information made available by the companies in which the Clients invest. Sheffield does not have the ability to independently verify the financial information disseminated by these companies and is dependent upon the integrity of both the management of these companies and the financial reporting process in general.

Short Selling. The Fund sells securities short in implementing some of their trading strategies. Securities sold short must later be replaced by market purchases, and therefore, any appreciation in the market price of these securities results in a loss to the Fund. Purchasing securities to close out short positions can itself cause the security's market price to rise further, thereby increasing losses. Furthermore, the Fund may prematurely be forced to close out a short position if a counterparty demands the return of such borrowed securities. There can be no assurance that the securities necessary to cover a short position will be available for purchase due to the illiquidity and scarcity of many securities traded by the Fund.

Short selling is continually the subject of regulatory scrutiny, and regulatory restrictions in one or more markets in which Sheffield trades, like the short selling ban imposed by the SEC in September 2008, could severely impair its ability to engage in short selling and/or render the strategy unprofitable. Restrictions may be imposed with little or no warning, which could result in substantial losses to the Fund.

Counterparty and Custody Risk. When the Fund invests in options, swaps, derivative or synthetic instruments, forward contracts or other over-the-counter instruments, the Fund may be subject to credit risk with regard to parties with whom they trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

Leverage. The Fund may use leverage by purchasing instruments with borrowed funds, selling securities short and/or trading options, futures or other derivative instruments, which would increase any loss incurred. The more leverage employed, the more likely a substantial change will occur, either up or down, in the value of an open position. The investment strategies utilized by the Fund may from time to time require the use of substantial leverage.

Derivatives in General. The Fund may make use of various derivative instruments, such as convertible securities, options, futures, forwards and interest rate, credit default, total return and equity swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or limit losses. The pricing relationships between derivatives and the instruments underlying the derivatives may not correlate with historical patterns, resulting in unexpected losses.

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including dependence on the ability to predict movements in the price of the securities hedged; imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and difficulties in managing a portfolio or meeting short term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Futures Trading. Futures prices are highly volatile, and price movements are influenced by a multitude of factors such as supply and demand relationships, government trade, fiscal, monetary and exchange control policies, political and economic events and emotions in the marketplace. Futures trading is highly leveraged. Furthermore, futures trading may be illiquid as a result of daily limits on movements of prices. The Fund's futures trading could be adversely affected by speculative position limits. The Fund has an active 4.13(a)(3) exemption filed with the NFA, as it is trading futures at a de minimis level in the portfolio.

Options. Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In trading options, Sheffield speculates on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying such option. A change in the market price of the underlying securities or underlying market index will cause a much greater change in the price of the option contract. In addition, to the extent that Sheffield purchases options that it does not sell or exercise, the Fund will suffer the loss of the premium paid in such purchase. If Sheffield must buy those underlying securities, the Fund risks the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. Furthermore, the risk of nonperformance by the seller of an over-the-counter option may be greater and the ease with which Sheffield can dispose of such an option may be less than in the case of an exchange traded option.

Swaps and Other Derivatives. The Fund enters into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. Currently, swap contracts and similar derivative contracts are individually negotiated and are not traded on exchanges, which means that in entering into these contracts the Fund is subject to risks including counterparty default and the lack of active markets for the instruments. The Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as "Dodd-Frank," adopted in July 2010 includes provisions that comprehensively regulate the over-the-counter derivatives markets for the first time. While Dodd-Frank is intended in part to reduce some of the risks described above, which in this respect may not be evident for some time after Dodd-Frank is fully implemented, a process that may take several

years. In addition, even if Dodd-Frank addresses these risks, margin and other costs imposed on dealers are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks.

Hedging. Hedging techniques involve risks including imperfect correlation between the performance and value of the instrument and the value of the Fund's securities, the possible lack of a secondary market for closing out a position in such instrument, losses from market movements not anticipated by Sheffield and the possible imposition of additional margin or other payment requirements.

Sheffield will not attempt to hedge all market or other risks inherent in the Fund's positions and hedges certain risks, if at all, only partially. Specifically, Sheffield may choose not to, or determine that it is economically unattractive to, to hedge certain risks, either in respect of particular positions or in respect of the Fund's overall portfolios. The Fund's portfolio composition will commonly result in various directional market risks' remaining unhedged. Sheffield may rely on diversification to control such risks to the extent that Sheffield believes it is desirable to do so; however, the Fund is not subject to formal diversification policies.

Suspensions of Trading. Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension in trading could render it impossible for Clients to liquidate positions and thereby expose Clients to losses.

Importance of Sheffield; Dependence on Sheffield's Principal. Clients must rely on Sheffield's ability to manage its trading and investment programs and the continued availability of Sheffield's services. Sheffield, in turn, is dependent on the services of its Principal and, in particular, on his ability to develop and implement investment strategies that achieve Clients' investment objectives. Were the Principal to become unavailable to participate in the management of the Fund and Managed Account, the effect on the Clients would be material and adverse and could lead to termination and/or liquidation of the Fund and Managed Account.

Side Letters. Sheffield and the Fund may enter into agreements, commonly referred to as "side letters," that may contain terms that are more favorable than the terms of investment that are generally available to investors. Sheffield and the Fund may enter into such side letters without notice to, or consent from, the other investors.

Cybersecurity. Cyberattacks and security vulnerabilities could result in a breach despite the various protections utilized by Sheffield and Sheffield's vendors. A breach could potentially result in the disclosure of client or investor data, the misuse of confidential or proprietary information, theft of assets, regulatory issues or damage to Sheffield's reputation.

Business Continuity and Disaster Recovery. Sheffield's business operations could become vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics (as further detailed below), terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Sheffield has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies are planned for. If such business operations are disrupted or suspended for extended periods of time, the Clients may be adversely affected.

Coronavirus Outbreak Risks. The recent global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions,

including, without limitation, mandatory business closures, public gathering limitations restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has contributed, and is expected to continue to contribute, to market volatility. It is also likely to lead to an economic slowdown given the disruption to supply chains across sectors and industries worldwide, which may materially and adversely affect the Clients. Since COVID-19 is present in jurisdictions in which Sheffield conducts business, it could affect the ability of Sheffield to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out Client investment strategies and objectives. In addition, Sheffield's personnel and personnel of critical service providers to Sheffield or the investments may be directly impacted by the spread of COVID-19, both through direct exposure and exposure to family members. This could impact Sheffield's ability to satisfy its obligations to its Clients. The spread of COVID-19 among Sheffield personnel has the potential to significantly affect Sheffield's ability to properly oversee the affairs of its Clients (particularly to the extent such impacted personnel include key investment professionals or other members of senior management).

ITEM 9: DISCIPLINARY INFORMATION

Neither Sheffield, its Principal nor any of Sheffield's affiliates have been or are the subject of any legal or disciplinary events that are material to an investor's or prospective investor's evaluation of Sheffield's business or integrity.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Sheffield nor its Principal are engaged in a business other than what is described in Item 4.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

As an SEC-registered adviser, Sheffield has adopted a Code of Ethics pursuant to SEC Rule 204A-1. Sheffield's Code of Ethics covers six primary topics: restrictions on political contributions by Sheffield and its Principal and employees; personal account trading policies; mandatory reporting of securities holdings and transactions by Sheffield's Principal and employees; prohibition on insider trading; Sheffield's policy on the giving and receipt of gifts; and Sheffield's record retention policies and procedures. The Principal and all employees of Sheffield must acknowledge receipt of, understanding of and compliance with the Code of Ethics upon initial hire and annually thereafter.

Sheffield's Code of Ethics is available to investors and potential investors upon request.

Personal Trading

With respect to personal trading, Sheffield's Code of Ethics requires Sheffield's Principal and employees to report certain securities holdings to, and obtain pre-approval of certain personal trading transactions from, Sheffield's compliance department. One of the primary purposes of Sheffield's personal account trading policy is to monitor for and limit the existence of conflicts of interest between Sheffield or its Principal and employees and its Clients. The personal trading

records of Sheffield's Principal and employees will not be made available to investors in the Fund nor the Managed Account.

In its role as investment advisor, Sheffield and its Principal and certain employees make investment decisions for its Clients. Sheffield and its Principal and employees, in certain limited circumstances, trade and invest for their own accounts in the same securities as those in which it invests on behalf of the Fund or the Managed Account, which could create a conflict of interest. As discussed above, Sheffield's Code of Ethics has pre-approval and reporting procedures designed to ensure that Sheffield's Principal and employees do not enter into transactions in their personal accounts, which could, as a result of their direction or timing, materially disadvantage Clients. However, it is possible that, in certain limited circumstances, Sheffield's Principal or employees could have long positions in a security where the Fund has a short position, which would create a conflict of interest. Although this situation is unlikely, it could occur under certain circumstances, for example, if a newly-hired employee has a pre-existing long position in a security with respect to which the Fund has a short position or if a Principal or employee holds a long position in an exchange traded fund with respect to which the Fund has a short position. Short selling by Sheffield's Principal and employees is generally prohibited by the Code of Ethics, which means that Sheffield's Principal or employees should never have a short position in a security in which the Fund has a long position (other than under rare circumstances involving investments in options by Sheffield's Principal or employees).

Additional Conflicts of Interest

Clients and investors therein may be subject to conflicts of interest with Sheffield in addition to conflicts arising from personal account trading (discussed immediately above), conflicts arising from expense allocation (discussed in Item 5 above) and conflicts relating to Sheffield's receipt of performance-based compensation (discussed in Item 6 above). Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Fund or the Managed Account. The offering documents for the Fund contains a more complete description of what Sheffield believes to be the most significant conflicts of interest associated with an investment in the Fund. The investment management agreement for the Managed account outlines conflicts of interest associated with the Managed Account. Investors should carefully consider the conflicts of interest described here and, as applicable, in the offering documents for the Fund and investment management agreement for the Managed Account before deciding to invest. Sheffield will consider all investors to have consented to these conflicts as a result of investing in the Fund and Managed Account.

Devotion of Time. Sheffield and its Principal and employees devote as much of their time to the business of the Clients as in their judgment is reasonably required, but are not required to devote a particular amount of time to this business. Sheffield and/or its Principal and employees may currently be involved in other business ventures or may organize or become involved in other business ventures in the future. The Clients will not share in the risks or rewards of such other ventures, which may compete with the Clients for the time and attention of Sheffield and therefore create additional conflicts of interest.

Other Accounts of Sheffield. Sheffield can, in the future, manage and advise additional accounts other than the Fund and Managed Account. These accounts may be managed on terms that differ significantly from those applicable to the Fund and Managed Account. Sheffield may have financial incentives to favor certain other accounts over the Clients. Even if Sheffield does not have such financial incentives, Sheffield would be required to allocate its limited resources among the Clients and any other accounts that it advises. Certain trades and entire strategies that Sheffield utilizes on

behalf of the Fund and/or Managed Account, as well as many of the positions acquired for the Fund and/or Managed Account, may be materially different from the trades and strategies which Sheffield implements on behalf of other accounts.

Trade Allocation. Purchase and sales orders for the Fund may be aggregated with contemporaneous purchase or sales orders for the Managed Account. Such purchases or sales will be equitably allocated among the Fund and Managed Account.

Special Opportunity Investments. Sheffield has the ability to designate certain investment opportunities as “special opportunities” where it determines that the investment is either not suitable for the Fund or the Fund’s participation in the investment should be limited. Special opportunities present a conflict of interest because they may divert the time and attention of Sheffield’s investment personnel from the Fund’s investment activities. In addition, Sheffield itself may participate in special opportunities, and therefore has a conflict in determining whether an investment opportunity is suitable for the Funs or should be treated as a special opportunity.

ITEM 12: BROKERAGE PRACTICES

Sheffield is authorized to determine the broker to be used for each securities transaction on behalf of the Fund. In selecting brokers and determining commission rates, Sheffield takes into account best price and execution. In selecting the brokers for the Fund, Sheffield considers such factors as commission rates charged and ability to minimize overall execution costs, execution capabilities (including ability to handle execution with minimum adverse market impact and willingness to accommodate any special execution or order handling requirements that may surround the particular transaction), expertise in the specific securities or sectors in which Sheffield seeks to trade, financial strength and stability, reputation for diligence, fairness and integrity, adequacy of trading infrastructure and technology, reliability, quality of research products and other services and other value-added services. Additional detail regarding Sheffield’s brokerage practices and policies can be found in Sheffield’s Compliance Manual, which is available to investors and potential investors upon request.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment managers who use “soft dollars,” *i.e.*, commissions generated by their advised accounts, to obtain investment research and brokerage services from companies that provide lawful and appropriate assistance to the manager in connection with the investment decision-making process. Sheffield will only enter into arrangements to receive products and services in exchange for soft dollars if it reasonably believes that the arrangement falls within the safe harbor of Section 28(e). Where a product or service provided has both “eligible” uses under Section 28(e), *i.e.*, uses related to Sheffield’s investment decision-making process, and “non-eligible” uses, Sheffield will make a reasonable allocation between eligible and non-eligible uses and use soft dollars only for the eligible portion.

Sheffield may use research and brokerage services obtained with commissions arising from the Fund’s transactions in connection with other investment activities. The Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the “soft dollars” generated by its trading. Sheffield is specifically authorized by the Fund to direct brokerage to firms that provide such services.

Services constituting “research” under Section 28(e) that Sheffield may receive in connection with the Fund’s trading may include, but are not limited to: newswire and quotation services; research reports; financial newsletters and trade journals; software used to analyze securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences;

economic and market information; portfolio strategy advice; industry and company comments; technical data; recommendations; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio securities and technical market action; statistical information; accounting and legal interpretations relating to Fund transactions; credit analysis; and risk measurement analysis. These research services are received primarily in the form of written reports, calls and meetings with research analysts. In addition, such research services may be provided in the form of access to computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academics, consultants and/or government representatives. Products or services constituting “brokerage” under Section 28(e) that Sheffield may receive in connection with the Fund’s trading may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, such as connectivity services between Sheffield and a broker and other relevant parties such as custodians; trading software operated by a broker to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; trade clearance and settlement; electronic communication of allocation instructions; routing of settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Sheffield pays bundled commission rates and receives research and brokerage from many of its brokers. Sheffield need not solicit competitive bids and does not have an obligation to seek the lowest available commission rate. Commission rates are generally negotiable, and selecting brokers on the basis of considerations that are not limited to commission rates may result in higher transaction costs than would otherwise be obtainable. Brokers may provide research and brokerage services directly or by paying service providers engaged by Sheffield. In addition, Sheffield may, subject to its best execution policies, trade with certain brokers primarily in consideration for providing research services. In any such case, Sheffield will determine in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

Sheffield may, but is not obligated to, enter into arrangements under which certain eligible expenses of the Fund is paid with soft dollars. Sheffield will enter into such relationships where it believes that it is administratively or operationally expedient to do so or where they are more favorable to the Fund than an arrangement under which the Fund pays for the products or services in question with cash. However, such arrangements make it more difficult for investors to evaluate the cost structure of the Fund because the costs of such products or services are not broken out separately.

During its last fiscal year, Sheffield directed certain transactions to brokers with whom it had “soft dollar” arrangements in place. With respect to each such transaction, Sheffield believed that the execution services and overall value provided by such broker would be as good as or better than those provided by competing brokers for a similar transaction cost.

In addition to any soft dollar arrangements that Sheffield enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Sheffield, without being requested to do so. Sheffield may take advantage of the products or services provided rather than producing them or paying for them from another provider. Similarly, Sheffield may accept investor referrals from brokers in appropriate circumstances. In these situations, Sheffield receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if the Fund accept new investments.

Sheffield has an incentive to recommend brokers based on benefits that it receives from them, whether or not pursuant to soft dollar arrangements, rather than the interests of the Fund in

receiving the most favorable execution. Any products or services that Sheffield receives from brokers may be used in connection with its management of the Fund.

Sheffield is authorized to determine the broker, dealer or issuer for the execution of each securities transaction for the Managed account at prices and commission rates as Sheffield believes are in the best interest of the Managed Account. Sheffield may not receive any direct or indirect benefit from a broker that provides services to the Managed Account, except that Sheffield may obtain research and brokerage services with “soft dollars” generated by the Managed Account in accordance with Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Order Aggregation & Allocation of Investment Opportunities

Sheffield makes investment decisions for the Fund and Managed Account. Sheffield could aggregate orders for the same investment across the Clients unless specific circumstances warrant otherwise, and allocate the securities traded among the Clients in accordance with its trade aggregation and allocation policies and procedures. In general, orders are executed separately however if allocations are required they would be made *pro rata* based on the current assets under management of the Fund and Managed Account. The three most common reasons why Sheffield may deviate from *pro rata* allocations among the Clients are: tax or regulatory differences between the Clients; differing investment objectives and guidelines between the Clients; and capital flows into and out of the Clients. Situations may occur in which the Fund or Managed Account could be disadvantaged because of the investment activities conducted by Sheffield for the Clients.

Trade Errors

Although Sheffield has procedures designed to minimize mistakes made in executing trades, trade errors may occasionally occur. Sheffield will seek reimbursement from broker-dealers for trade errors caused by the broker-dealers. However, Sheffield will not request or accept reimbursement from broker-dealers for losses resulting from trade errors caused by Sheffield.

Sheffield’s policy is that trade errors caused by Sheffield resulting in losses to the Fund are netted against trade errors resulting in gains to the Fund over the course of the calendar year. As of the end of each year, Sheffield will reimburse the Fund for any net losses (without interest), and any net gains will be retained by the Fund. If Sheffield makes a “material” trade error, which it defines as a trade error that would decrease the net asset value of a Fund by more than one-half of one percent, Sheffield must immediately reimburse the Fund for the amount of the loss. However, any loss from a material loss will still be netted against any gains from trade errors occurring in the same year. Sheffield will only reimburse the Fund for any net losses from trading errors at the end of each calendar year, other than material trading losses which are reimbursed immediately, and accordingly an investor making a withdrawal or redemption within a calendar year is exposed to the risk of losses from trading errors that have not yet been reimbursed by Sheffield.

If Sheffield does not have funds available to make a reimbursement required under its trade error policy, any management fees or performance-based compensation payable to Sheffield will continue to accrue but will not be paid to Sheffield until Sheffield has reimbursed the Fund.

ITEM 13: REVIEW OF ACCOUNTS

Records of trades placed for Clients are generally reviewed by Sheffield’s Chief Financial Officer on a daily basis with a view towards identifying trade errors or transactions not in accordance with the

Clients' investment objectives. The Fund's accounts are also reviewed on a daily basis to ensure that Sheffield's records are in agreement with those of its custodians and the Fund administrator. The Managed Account is reviewed on a daily basis to ensure that Sheffield's records are in agreement with the Managed Account's custodian.

Each investor in the Fund receives the following written reports:

- a monthly statement showing its capital account balance;
- an annual report containing audited financial statements for the Fund; and

Investors can also access other written reports containing performance and other information regarding the Fund from Sheffield's password-protected website.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As of the date hereof, Sheffield does not use third-party marketers to assist in fundraising efforts.

ITEM 15: CUSTODY

While Sheffield places all Fund assets in custody with unaffiliated broker-dealers or banks, it is considered to have custody over the Fund's assets because of its role as general partner of the Fund. Investors in the Fund do not receive statements from the custodian. Instead, the Fund is subject to an annual audit, and the audited financial statements are distributed to each investor in accordance with the audit exception set forth in Rule 206(4)-2 under the Advisers Act. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of the respective Fund's fiscal year end.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the offering documents for the Fund, Sheffield, as general partner, has complete investment authority with respect to all securities owned by the Fund. Investors in the Fund execute subscription agreements, which, along with the offering documents for each Fund, document Sheffield's authority. Any limitations on Sheffield's investment authority are specifically set forth in the offering documents, the investment management agreements or partnership agreements applicable to the Fund, investor side letters and/or Sheffield's internal compliance policies and procedures.

Except as otherwise provided in the investment management agreement for the Managed Account, Sheffield, as investment advisor to the Managed account, has full discretionary authority with respect to the investment and reinvestment of the assets in the Managed Account.

ITEM 17: VOTING CLIENT SECURITIES

Sheffield has the authority to vote the securities held by the Fund and Managed Account by virtue of the limited partnership agreement and investment management agreement.

Sheffield's policy is generally to vote proxies in the manner that it believes is consistent with achieving the applicable Clients' stated objectives. Absent a particular reason to the contrary, it is Sheffield's general policy to vote proxies in accordance with the recommendation of the underlying

portfolio company's management on administrative or routine matters. In the case of non-recurring or extraordinary matters, Sheffield votes on a case-by-case basis in accordance with the goal of achieving the relevant Clients' stated objectives. It is Sheffield's policy to abstain from voting proxies when it no longer holds the investment for which a vote is being requested, even if it is entitled to vote based on its ownership as of the record date.

Sheffield may, on occasion, determine to abstain from voting a proxy or a specific proxy item when it concludes that the potential benefit of voting is outweighed by the cost or that it is not in the Clients' best interest to vote. In making this determination, Sheffield may consider a variety of factors, including, but not limited to: the costs associated with exercising the proxy (including, but not limited to, translation, travel, registration, legal and/or power of attorney expenses); any legal restrictions on trading resulting from the exercise of a proxy; and the benefit to the Clients from the specific proposal.

Sheffield will not allow the Fund or any investor in the Fund to direct the voting of any proxies on behalf of the Fund. In addition, Sheffield may decline to vote proxies that are not material to the investment process (for example, standard proxies on money market funds).

In the event that any of the securities relating to a proxy vote have been lent out pursuant to the Fund's securities lending agreements, Sheffield's compliance department (with input from the portfolio management team) will determine whether it would be advisable to "call-in" such securities for voting and, if so, will use reasonable efforts to do so.

In furtherance of Sheffield's goal to vote proxies in the manner that it believes is consistent with achieving the applicable Clients' stated objectives, Sheffield follows procedures designed to identify and address material conflicts that may arise between Sheffield's interests and those of the Clients and its investors before voting proxies on behalf of such Clients. If Sheffield determines that any conflict or potential conflict is not material, Sheffield may vote proxies notwithstanding the existence of such conflict or potential conflict or may abstain from voting such proxies in the event that it concludes (as described in more detail above) that the potential benefit of voting is outweighed by the cost or that it is not in the Clients' best interest to vote. If Sheffield determines that the conflict or potential conflict may be material, but that the proxy being voted is immaterial (either because of the size of the Clients' investment in the related security or because the proxy relates to a routine or administrative matter), Sheffield may elect to abstain from voting such proxy rather than employing one of the methods for addressing a material conflict of interest specified below.

If Sheffield determines that a conflict of interest is material, one or more methods may be used to resolve the conflict, including: disclosing the conflict to the Clients' investors and obtaining their consent before voting; having the Clients engage another party to vote the proxy on its behalf; engaging a third party to recommend a vote with respect to the proxy based on application of the policies set forth herein; or such other method as is deemed appropriate under the circumstances given the nature of the conflict.

Investment adviser clients of Sheffield, or investors in the Fund, may request a copy of Sheffield's Proxy Voting Policy, as well as relevant proxy voting records, by making a written request to:

Michelle Peluso
Chief Compliance Officer
Sheffield Asset Management, L.L.C.
900 North Michigan Avenue

Suite 1700
Chicago, Illinois 60611

ITEM 18: FINANCIAL INFORMATION

Sheffield is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.