

**Item 1: Cover Page**

**PART 2A OF FORM ADV**

**MAXIMUS LONG SHORT EQUITY MANAGEMENT, LP**

900 Third Avenue, Suite 201-5

New York, New York 10022

Phone: 646-787-0563

**March 2022**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Maximus Long Short Equity Management, LP (“Maximus”). If you have any questions about the contents of this Brochure, please contact us at 646-787-0563. 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.

Maximus has filed an SEC registration application as a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Maximus Long Short Equity Management, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

In accordance with requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), Maximus compiled this Brochure to provide new and prospective clients with clearly written, meaningful, current disclosure of its business practices, conflicts of interest, and the background of its advisory personnel. All recipients of this Brochure are encouraged to read it carefully in its entirety.

In this Item, Maximus will periodically identify and discuss material updates to the Brochure. This is intended to inform current and prospective clients of important developments that may take place in Maximus’ business practices.

Since our last brochure dated March 2021, Maximus updated its Assets Under Management numbers in Item 4.

Also, Maximus added risk language to Item 8.

Maximus also added information regarding revenue sharing in Item 14.

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#### **Item 4: Advisory Business**

Maximus Long Short Equity Management, LP (“Maximus”) is a newly formed investment advisory firm organized as a limited partnership under the laws of the State of Delaware. Greg Royce, the principal owner of Maximus, founded the company in December 2018. Maximus Long Short Equity Management GP, LLC is the general partner of Maximus and is controlled by Mr. Royce.

Maximus provides investment advisory services on a discretionary basis to accredited investors, including high net worth individuals and institutional investors, through separately managed accounts (each a “Managed Account”, and collectively, the “Managed Accounts”). Each Managed Account may be referred to herein as a “Client” or collectively, “the Clients.”

In providing such services to the Clients, Maximus has discretion to formulate investment objectives, direct and manage the investment and reinvestment of the Clients’ assets.

Terms of investments, including Client objectives, limitations and strategies are governed exclusively by the terms of the private placement memorandum, operating agreement, and/or an investment management agreement (collectively, the “Governing Documents”). Maximus offers the same and different suites of services to its Clients. Specific Client investment strategies and their implementation are dependent upon the Client’s investment objectives. Managed Account Clients may impose restrictions on investing in certain securities or types of securities.

Please see Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss) for more information.

As of the date of this Brochure, Maximus has approximately \$42.7 million in discretionary assets under management.

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

Maximus typically receives compensation from its Clients from the following sources: (a) fees based on a percentage of assets under management; (b) fees based on a percentage of the performance of the Client accounts. Fees for Managed Account clients are negotiable. Current and prospective clients should carefully review all fees charged by Maximus. Different fees are charged to different Clients, and fees may be waived, rebated or reduced for certain Clients.

##### **Management Fee:**

In consideration for its services to the Clients, Maximus is generally entitled to a management fee (the “**Management Fee**”) quarterly in advance on the first day of each calendar quarter equal to the applicable Management Fee Percentage of the net asset value of each Capital Account of each Limited Partner as of such date (including any capital contributions made to the Partnership as of such date but before the accrual of any Incentive Allocation). For more details regarding the Management Fee, please refer to the applicable Governing Documents.

Maximus or the general partner, as applicable, may reduce or eliminate the Management Fee with respect to any Investor in its sole discretion..

*Other Expenses Charged to the Clients:*

Expenses described below are general in nature and not intended to be exhaustive. For more information regarding expenses, please refer to the applicable Governing Documents. Managed Account expenses vary by client and are negotiated directly with each prospective client prior to commencement of advisory services.

The expenses charged to the client may include, without limitation, the following:

- (i) expenses related to the research, execution and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, third-party investment sourcing fees, consulting fees, expert fees, fees and expenses of and related to obtaining research, analytics and market data (including, without limitation, any data subscriptions (such as Bloomberg and FactSet) and any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data);
- (ii) due diligence expenses including, without limitation, consulting and appraisal fees, investment- and research-related travel expenses and any outsourced trading provider fees;
- (iii) brokerage and prime brokerage fees, commissions and expenses (including the costs of negotiating, documenting and/or amending agreements with prime brokers, ISDAs and other agreements with trading and financing counterparties), expenses relating to borrowing securities to be sold short, clearing and settlement charges, custodial fees and expenses; bank service fees, interest expenses and other borrowing costs; fees and expenses of proxy research and voting services and broken deal expenses;
- (iv) organizational expenses and expenses incurred in connection with the offering and sale of the Interests, including, without limitation, the following: the Offering Memorandum, the Limited Partnership Agreement, the Master Partnership Agreement, the Investment Management Agreement and the Partnership's subscription agreement; fees and expenses of the Investment Manager incurred in connection with "world sky" matters and private placement regimes, including the European Alternative Investment Fund Managers Directive, and Form D and blue sky and similar fees and expenses;
- (v) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations) in

connection with the activities of the Funds, and facilitate and manage the order execution of securities or otherwise manage the Funds (including, in each case, Bloomberg terminals, portfolio management systems and order management systems);

(vi) expenses related to tax liabilities (including transfer taxes and withholding taxes), certain entity-level taxes and other governmental charges or fees payable by the Account;

(vii) fees and expenses of third-party risk management products, models and services, third-party administrative fees and expenses, including fees and expenses of the Administrator and any middle or back office service provider; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys, accountants and tax preparers and third-party audit and tax preparation expenses;

(viii) insurance expenses, including, without limitation, premiums for directors and officers liability insurance, errors and omission insurance, and cybersecurity insurance and liability insurance covering the Accounts, the General Partner, the Investment Manager and the members, partners, officers, employees and agents of any of them;

(ix) fees and expenses associated with investor meetings, including, without limitation, expenses related to the organization and conduct of investor and director meetings (including, without limitation, travel, lodging and meal expenses), director fees (including registration fees) and costs of preparing and distributing reports and notices to Limited Partners (including the development, implementation and maintenance of an investor electronic delivery site and/or system);

(x) fees and expenses related to compliance with applicable law and regulations in connection with the activities of the Accounts, including, without limitation, any governmental, regulatory, licensing, filing, reporting or registration expenses, fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings, and any filings or reporting with respect to compliance with FATCA, AEOI (each as defined herein) or similar laws enacted in other jurisdictions, as well as any foreign tax regime registrations, tax filings and associated annual fees and expenses) and any fees and expenses related to compliance with anti-money laundering laws and regulations;

(xi) extraordinary expenses, including, without limitation, the costs of any litigation or investigation involving activities of the Accounts (including attorney's fees and investigative fees and expenses);

(xii) the cost of settlements and indemnification expenses (including advances thereof), fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and

(xiii) fees and expenses incurred in connection with the reorganization, restructuring, dissolution, winding-up or termination of any of the Accounts.

Except as provided above, Maximus will bear their own rent, utilities and similar overhead expenses, in addition to the compensation and benefits of their employees.

Maximus may, in its discretion, waive their right to be reimbursed for any of the foregoing expenses for any period of time. Any such waiver shall not require Maximus to waive their right to be reimbursed for such expenses in the future.

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

As discussed in Item 4, Maximus or its affiliate is entitled to receive an Incentive Allocation.. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees or compensation, in general, may create an incentive for Maximus or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. Maximus does manage accounts that have varying fee and incentive structures which could create the incentives described above. To the extent that any such conflicts were to arise, in order to address such conflict(s), Maximus has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment consistent with Maximus' fiduciary duty.

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

As mentioned in Item 4, Maximus provides investment advisory services to Managed Accounts.

As of the date of this Brochure, Maximus does not have a set minimum to open a Managed Account; however, we typically have not been considering them below \$25,000,000.

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

##### **Methods of Analysis and Investment Strategies**

Set forth below are summaries of the investment strategies primarily employed by Maximus.

Maximus' investment strategy is to build an institutional industrial investing franchise, by deploying meaningful capital in core positions while also diversifying the portfolio with respect to position count, sub-sectors, betas and market caps, along with other considerations. Typically, Maximus will target 35-50 positions with 15-25 long positions and 15-25 short positions and will seek to protect capital in down market periods.

In looking at potential investments, Maximus seeks fundamental value with a catalyst approach through a rigorous research and investment process. Maximus implements disciplined portfolio

and risk management processes, through targeting 6-12+ month investment horizons on long positions and a 3-6 month investment horizon on short positions (all single stock shorts).

**MAXIMUS' INVESTMENT STRATEGY INVOLVES A HIGH DEGREE OF BUSINESS AND FINANCIAL RISK THAT CAN RESULT IN SUBSTANTIAL LOSSES AND IS SUITABLE ONLY FOR INVESTORS PREPARED TO BEAR SUCH RISK. THE RISKS FACTORS BELOW ARE NOT INTENDED TO BE EXHAUSTIVE. PROSPECTIVE CLIENTS SHOULD ALSO CAREFULLY REVIEW THE RISKS DESCRIBED IN THE APPLICABLE CLIENT'S OFFERING DOCUMENTS:**

**Investment Related Risks**

The investments selected by Maximus are subject to substantial risks, some of which are detailed below:

*Stock Market Risk.* The value of the stocks and other securities owned by the Clients will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The market also may fail to recognize the intrinsic worth of an investment or Maximus may misgauge that worth. Equity securities may be subject to wide and sudden fluctuations in market value with corresponding fluctuations in the Clients' net asset value.

*Industry and Sector Risk.* Companies that have similar lines of business are grouped together in broad categories called industries. Certain industries are grouped together in broader categories called sectors. To the extent that Maximus invests in companies in the same industries or sectors, the Clients' portfolio performance will be susceptible to the economic, business or other developments that affect those industries or sectors.

*Concentration Risk.* The Clients are subject to risks associated with investing in a concentrated fund (*i.e.*, investing in a limited number of total investments). As a result, the value of the Clients investments will be greatly affected by fluctuations in the value of a single investment or a few investments.

*Nature of Investments.* Maximus has broad discretion in making investments. There can be no assurance that Maximus will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Clients' activities and the value of its investments. No guarantee or representation is made that the Clients' investment objective will be achieved.

*Small and Mid-Size Company Risk.* The Clients may invest in small and/or mid-size companies. While small and mid-size companies may offer greater potential for capital appreciation than larger and more established companies, they may also involve greater risk of loss and price fluctuation.



The trading markets for securities of smaller-cap issuers may be less liquid and more volatile than securities of larger companies. This means that the Clients could have greater difficulty buying or selling a security of a smaller-cap issuer at an acceptable price, especially in periods of market volatility.

*Market Liquidity.* During periods of limited liquidity and higher price volatility, the Clients' ability to acquire or dispose of its investments at a price and time that Maximus deems advantageous may be impaired. As a result, in periods of rising market prices, the Clients may be unable to participate fully in price increases because it may be unable to acquire desired positions quickly. The Clients' inability to fully and promptly dispose of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions are marked to lower prices.

*Style Risk.* Maximus invests in securities of companies in industries that appear to be temporarily depressed. The prices of securities in these industries may tend to go down more than those of companies in other industries. Because of Maximus' investment style, there may be times when the Clients may have significant cash positions. A substantial cash position may impact the Clients' performance in certain market conditions.

*Volatility.* Because of the nature of the Clients' trading activities, the results of the Clients' operations may fluctuate on a daily basis. Accordingly, investors and clients should understand that the results of a particular period will not necessarily be indicative of results in future periods. Variance in the degree of volatility of the market from Maximus' expectations may produce significant losses to the Clients.

*Deployment of Capital.* At times, the availability of attractive investment opportunities may be limited, and Maximus may be unable to identify a sufficient number of investment opportunities, relative to the assets in which it has available to deploy. As a result, the Clients may hold cash for a significant period of time until Maximus identifies suitable investments.

*Risk of Investing in Foreign Securities.* Investing in the securities of foreign issuers involves special risks and considerations, including differences in accounting, auditing and financial reporting standards, generally higher commission rates on foreign portfolio transactions, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect U.S. investment in foreign countries and potential restrictions on the flow of international capital and currencies. Foreign issuers may also be subject to less government regulation than U.S. companies. Moreover, the dividends and interest payable on foreign securities may be subject to foreign withholding taxes, thus reducing the net amount of income available for distribution to the Clients. Further, foreign securities often trade with less frequency and volume than domestic securities and, therefore, may exhibit greater price volatility. Changes in foreign exchange rates will affect, favorably or unfavorably, the value of those securities which are denominated or quoted in currencies other than the U.S. dollar.

*Short Sales Risk.* If a security sold short increases in price, the Clients may have to cover its short position at a higher price than the short sale price, resulting in a loss. Brokers may require the Clients to “cover” a short position at an inopportune time restricting the use of the Clients’ capital. To borrow the security, the Clients may be required to pay a premium, which would increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Clients may be required to pay in connection with the short sale. In addition, because the Clients’ loss on a short sale arises from increases in the value of the security sold short, such loss is theoretically unlimited. By contrast, the Clients’ loss on a long position arises from decreases in the value of the security and is limited by the fact that a security’s value cannot drop below zero.

*Risk of Investments in Options.* There is no assurance that a liquid secondary market on an exchange will exist for any particular option, or at any particular time, and for some options, such as over-the-counter options, no secondary market on an exchange may exist. The effectiveness of hedging through the purchase of securities index options will depend upon the extent to which price movements in the portion of the securities portfolio being hedged correlate with price movements in the selected securities index. Perfect correlation is not possible because the securities held or to be acquired by the Clients will not exactly match the composition of the securities indexes on which options are written. In the purchase of securities index options the principal risk is that the premium and transaction costs paid by the Clients in purchasing an option will be lost if the changes (increase in the case of a call, decrease in the case of a put) in the level of the index do not exceed the cost of the option.

*Leverage.* Utilization of leverage is a speculative investment technique and involves certain unique risks. These risks include the possibility of higher volatility of the net asset value of the Clients’ portfolios, greater fluctuations in the total return of the Clients and the possibility that the Clients could lose more than its contributed capital. So long as the Clients are able to realize a higher net return on the portion of its investment portfolio attributable to leverage than the cost of any leverage together with other related expenses, the effect of the leverage will be to cause the Clients to realize a higher current net return than if the Clients were not so levered. On the other hand, to the extent that the then-current cost of any leverage, together with other related expenses, approaches the net return on the Clients’ investment portfolio attributable to leverage, the benefit of leverage will be reduced, and if the then-current cost of any leverage were to exceed the net return on the Clients’ investment portfolio attributable to leverage, the Clients’ leveraged capital structure would result in a lower rate of return than an unleveraged portfolio. If the Clients’ current investment income on its entire portfolio were not sufficient to meet interest and other expenses connected with leveraging, it could be necessary for the Clients to liquidate certain of its investments during unfavorable market conditions. Certain of the Clients’ investments may utilize leverage, such as leveraged ETFs. These investments will be more volatile than comparable non-leveraged investments for the reasons described in the preceding paragraph.

*Competition.* The securities and investment management industries are extremely competitive and involve a high degree of risk. Maximus competes with many firms including large investment and commercial banking firms that have substantially greater financial resources and research staffs. Maximus' success is dependent on its proprietary modeling and analytical resources. In the event that such resources are imitated or improved upon by Maximus' competitors, the Clients' success may be reduced.

*Emerging Markets.* Investments in emerging markets may be considered speculative, and therefore may offer higher potential for gains and losses than investments in developed markets of the world. With respect to any emerging country, there may be greater potential for nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Clients' investments in those countries. In addition, it may be difficult to obtain and enforce a judgment in the courts of such countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade.

**Force Majeure.** Clients' investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design or construction, accidents, demographic changes, government macroeconomic policies, social instability). Some force majeure events may adversely affect the ability of any such parties to perform their obligations until they are able to remedy the force majeure event. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on Client investments. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally. The Adviser is not able to predict the extent, severity or duration of the effect of force majeure events or quantify the impact that these events may have on its Clients or their investments.

**COVID 19.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, which the World Health Organization formally declared in March 2020 to constitute a global "pandemic," have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to a Managed Account. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-

home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues.

As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and declines in markets for financial assets as well as commodities and other assets. Among other things, these unprecedented developments resulted in material reductions in demand across some, many or all categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households. Certain industries are likely to feel such impacts particularly acutely, for instance industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment and industries related to natural resources production and development.

The COVID-19 crisis and any other public health emergency could result in significant adverse impacts on the Managed Accounts. The extent of the impact of any such emergency depends on many factors, all of which are highly uncertain and cannot be predicted, which may impact the Adviser’s ability to source, diligence and execute new investments and to manage, finance and exit investments in the future, or cause significant changes or reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital (among a wide variety of other potential effects). In addition, the operations of the Managed Accounts, its investments, the Adviser and its respective affiliates may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other social, political, financial, legal, regulatory and other factors related to an actual or threatened public health emergency (such as COVID-19), including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN ADVISER’S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS. PROSPECTIVE CLIENTS SHOULD CAREFULLY REVIEW THE RISKS DESCRIBED IN THE APPLICABLE GOVERNING DOCUMENTS.**

#### **Item 9: Disciplinary Information**

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

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

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

Maximus is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of Maximus are registered representatives of a broker-dealer.

Maximus currently has relationships with broker dealers to introduce Maximus to potential investors. In exchange for introductions to potential investors, Maximus agrees to pay a portion of fees Maximus collects from introduced investors to the broker dealers. Maximus also has revenue share agreements in place with some of its largest investors..

Maximus is not registered and does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of a commodity pool operator with the U.S. Commodity Futures Trading Commission.

Maximus and its affiliates will devote so much of their time and effort to the affairs of Clients as may, in their judgment, be necessary to accomplish the Clients' purposes. Maximus and its affiliates may conduct any other business, including any business within the securities industry, whether or not such business is in competition with Clients. Currently, Maximus does not have other financial industry activities and affiliations that are material to its business.

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

##### Code of Ethics and Personal Trading

In connection with its registration, Maximus has adopted a written Code of Ethics (the "Code") predicated on the principle that Maximus owes a fiduciary duty to its Clients. The Code is designed to address and avoid potential conflicts of interest, and is applicable to all officers, directors, investors, partners or employees of Maximus (the "Employees"), each Employee's spouse, minor children and other family investors living in his or her household (the "Related Persons"), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by Maximus (collectively the "Access Persons"). Maximus requires its Employees to act in Clients' best interests, abide by all applicable regulations, and avoid any action that is, or could even appear to be, legally or ethically improper.

Maximus requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of Access Persons' personal securities transactions and all holdings; places other restrictions on Employee personal trading; and requires prompt internal reporting of Code violations. Maximus endeavors to maintain current and accurate records of all

personal securities accounts of its Access Persons in an effort to monitor all such activity. A copy of Maximus' Code is available upon written request by any Client or perspective Client.

Certain transactions in which Maximus engages may require, for either business or legal reasons that no Access Person trade in the subject securities for specified time periods. Such securities will appear on a list (the "Restricted List") that will be circulated to all Access Persons. No Access Person may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from Greg Royce.

Maximus may also give advice or take action with respect to some Clients that differs from the advice given with respect to other clients. To the extent a particular investment is suitable for multiple Client accounts, such investments will be allocated between Clients in a manner that Maximus determines to be fair and equitable under the circumstances to all of its Clients.

Each Client account will not necessarily participate in the same transaction. As a result of the foregoing, Maximus may have conflicts of interest in allocating time and activities between Client accounts, in allocating investments among such accounts and in effecting transactions between multiple Client accounts, including ones in which Maximus may have a greater financial interest.

#### **Item 12: Brokerage Practices**

In selecting the brokers, Maximus considers such factors as: price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; financial strength and stability; block trading and block positioning capabilities; reputation; infrastructure; reliability; quality of research products or services and other value-added services.

Maximus need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. 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 Maximus. In addition, Maximus may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research services. In any such case, Maximus 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.

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

Maximus performs various daily, monthly and quarterly reviews of the Clients' portfolios. These reviews will be conducted by Greg Royce and certain back office personnel, working for a third-party service provider, who are responsible for confirmations, settlements, and position reconciliation.

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

Maximus does not receive any economic benefit from any third party for providing advisory services to the Funds.

Maximus has entered into agreements with certain placement agents that provide for compensation to be paid to the placement agents for referring limited partners to the Funds. Under these agreements, the placement agents typically receive a percentage of the fees attributable to each prospective limited partner referred depending upon the specific circumstances. All such arrangements are in accordance with all applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act.

Maximus has entered into agreements with certain investment firms to provide research and data sharing. Maximus shares data and information regarding trade ideas and other non-tailored research services and other investment inputs. The nature of the data that is shared is not confidential and is not associated with the investments Maximus makes, nor does this activity detract from time spent conducting Maximus business. Maximus is compensated on a portion of the proceeds that the investment firm's make if they utilize his research to a profitable result.

#### **Item 15: Custody**

Rule 206(4)-2 of the Advisers Act (the "Custody Rule") defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities. Maximus does not have custody of client funds or securities.

Maximus does not have custody of Managed Account Clients' assets. Such Clients receive statements directly from the qualified custodians on a quarterly basis. Clients are urged to carefully review custodian statements and compare the information with reports provided by Maximus.

#### **Item 16: Investment Discretion**

Maximus exercises discretion in managing the Clients' investments based on the investment objectives, policies, and strategies disclosed in the applicable Governing Documents.

Maximus generally will manage Client accounts and make investment decisions without consultation with Clients as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

#### **Item 17: Voting Client Securities**

Maximus will vote proxies for any securities in the Managed Accounts. When Maximus accepts such responsibility, it will cast proxy votes in a manner consistent with the best interests of its Clients. Absent special circumstances, which are fully described in Maximus' proxy voting policies and procedures, all proxies will be voted consistent with guidelines established and described in Maximus' proxy voting policies and procedures, as they may be amended from time-

to-time. Clients may contact Maximus to request information about how Maximus voted proxies for that Client's securities or to obtain a copy of Maximus' proxy voting policies and procedures.

**Item 18: Financial Information**

Maximus does not require prepayment of Management Fees more than six months in advance. Maximus does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. Maximus has not been the subject of a bankruptcy petition at any time during the past ten years.