

Item 1 - Cover Page

Charles Lane Capital, LLC

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This brochure provides information about the qualifications and business practices of Charles Lane Capital, LLC (“**Charles Lane**” or the “**Adviser**”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (the “**CCO**”) Sean Haydon at (646) 248-1620 or sean@charleslanecap.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. Additional information about the Adviser is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Registration with the SEC does not imply that the Adviser or any of its principals or employees possess a particular level of skill or training.

Item 2 - Material Changes

The rules promulgated under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) require the Adviser to identify and discuss any material changes made to its brochure since the last annual update. The last brochure was filed by Charles Lane with the SEC as part of the Adviser’s initial registration on June 30, 2021. There have been no material changes since the last filing. This brochure should be read in its entirety.

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Item 4 - Advisory Business

The Adviser is a Delaware limited partnership formed in March 2021 with its principal office in New York, New York. Sean Haydon is the principal owner of the Adviser.

The Adviser offers investment advisory services to a pooled investment vehicle, Charles Lane Partners LP, a Delaware limited partnership (The “**Fund**”) intended for sophisticated investors. Additionally, Charles Lane manages one separately managed account on a discretionary basis (the “**SMA**” and together with the Fund the “**Clients**” or “**Client Accounts**”). The Clients are managed in accordance with their own investment objectives as set forth in the relevant governing and offering documents (each, a “**Governing Document**” and, collectively, the “**Governing Documents**”). Investment objectives are not tailored to any particular private investor (each, an “**Investor**”).

As of December 31, 2021, Charles Lane had approximately \$45,578,171 in regulatory assets under management on a discretionary basis on behalf of its Clients.

Item 5 - Fees and Compensation

Management Fees

Each Investor should review the appropriate Governing Documents for the Clients in conjunction with this brochure for more complete information on the applicable Management Fees.

The Advisor receives an annual management fee of 1.5% of assets under management. Management fees are generally collected quarterly in advance. Founders class investors pay reduced fees, as described in the Governing Documents of the Fund. The Advisor debits management fees directly from the Clients’ accounts; the Investors are not invoiced for the Advisor’s services. The management fees above are generally subject to waiver or reduction by Charles Lane in its sole discretion with certain investors. The Governing Documents specify the fees applicable to each client account.

Other Expenses

The Clients will bear all expenses relating to its ongoing structure and operation, including: (i) all expenses incurred in connection with the ongoing offer and sale of limited partner interests, other than placement agent fees, including, but not limited to, conference attendance expenses, documentation of performance and the admission of Investors; (ii) all operating expenses such as tax preparation fees, governmental fees and taxes, administrator, custodial and prime brokerage fees and expenses, communications with Investors and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, independent shadow accounting, consulting and other professional fees and expenses, including for litigation, and preparation of the financial statements and reports; (iii) all costs, expenses, and charges incurred in connection with the investment and trading activities (e.g., brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, and other transaction costs to brokers); (iv) professional and other advisory and consulting expenses, monitoring or the assertion of rights or pursuit of remedies; (v) all fees and other expenses incurred in connection with the investigation, prosecution, or defense of any claims; (vi) interest on, and fees and expenses arising out of, all borrowings; (vii) the costs of any litigation and indemnification; (viii) expenses related to third party research, publications, data and data services, including real time pricing and market information

and historical pricing and other data, order management system, portfolio management system and risk management system and advisory; (ix) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred in complying with laws and regulations; (x) directors' fees, administrators' fees; (xii) costs associated with regulatory filings, and (xiii) all other reasonable expenses related to the management and operation. Notwithstanding the foregoing, the Adviser may voluntarily elect to bear certain expenses in its discretion.

Generally:

To the extent that any of the foregoing expenses relate to the operations of one or more other funds or accounts managed by the Advisor or any of their respective affiliates, Charles Lane will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses. Any expense common to any other Client managed by the Advisor or its affiliates generally will be paid pro rata by such entities based on the approximate size of the relevant investment relating to such expense or otherwise on assets under management, as appropriate (or in any other manner deemed fair and equitable by Charles Lane, in its sole discretion).

The Adviser remains responsible for its overhead expenses of an ordinary and recurring nature, such as rent, supplies, secretarial expenses, its direct compliance expenses, stationery, charges for furniture and fixtures, salaries and bonuses of its employees, employee insurance, employee benefits and payroll taxes.

The Adviser has adopted policies and procedures intended to address trade errors to ensure that the Clients are treated fairly. Subject to any contractual limitations set forth in the relevant Clients' governing documents, the Adviser has discretion to resolve a particular error in a manner that it deems appropriate and consistent with the Adviser's policies and procedures.

For information on the Adviser's brokerage and transaction costs, please see "Item 12 – Brokerage Practices."

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

The Clients' general partner, Charles Lane GP, LLC (the "**General Partner**") receives an annual performance Incentive Allocation (the "**Incentive Allocation**") that ranges from 10% to 15% of net profits. Incentive Allocations are generally assessed annually and are subject to each investor's respective high water mark. The incentive Allocations are assessed directly against investors' capital account balances. The Incentive Allocation and other fees described above are generally subject to waiver or reduction by Charles Lane in its sole discretion with certain investors. For example, investors in the Clients who are associated with Charles Lane, such as its officers or employees generally do not incur any performance fees. The performance fees may vary by Client Account. The Governing Documents will specify the fees applicable to each Client Account.

Generally:

The Adviser has adopted policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Client accounts, including accounts with different fee arrangements and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. It is the Adviser's general policy to trade the portfolios of all Clients on a pari passu basis based on relative capital. However, allocations may be made on a basis other than pro rata

for a number of reasons, including, but not limited to: a Client's investment guidelines and restrictions; available cash; liquidity requirements; tax or legal reasons; to avoid odd lots; or in cases in which such an allocation would result in a de minimis allocation to a Client.

Each Investor should review the appropriate Governing Documents for more information on the applicable Incentive Allocation.

Item 7 - Types of Clients

The Adviser's Clients include the pooled investment vehicle and the SMA, and are described in Item 4 above.

The Governing Documents provide the eligibility criteria and minimum investment requirements for each Client.

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

Charles Lane will seek to invest in best of breed companies that the Adviser believes benefit from strong secular trends that lead to compounded capital returns over the long-term. The Adviser's fundamental analysis will focus on highly predictable and recurring revenues, strong unit economics, prudent capital allocation, durable competitive advantages, and excellent management teams. The Adviser will focus on the long-term, seeking multi-year holding periods to allow the market's perception of a firm's value and the Adviser's analysis to converge in a tax-efficient manner. To diversify the returns, the Adviser will also selectively invest in private securities that are non-correlated to the public markets.

While the Clients primarily trade and invest in publicly-traded equity securities, they may also trade and invest in other financial instruments to the extent deemed appropriate by the Adviser, including without limitation common stocks, preferred stocks, digital assets, limited partnership interests, private investments, warrants, equity derivatives, convertible securities, debt securities listed and unlisted options, shares of beneficial interest, convertible preferred obligations, rights, options, puts and calls with respect to the foregoing, and to a limited extent, commodity interests (futures, options on futures, certain swaps subject to regulation by the CFTC), other swaps and derivatives of any kind.

Risk of Loss

The Adviser will seek to tackle risk at both the position and portfolio level. For positions, the Adviser will seek limited downside potentials, perform regular risk assessment and exercise discipline in sizing of a position in the portfolio. With respect to the portfolio, the Adviser will exercise discipline in the use of financial leverage and address risk factors when necessary.

The Clients' investment programs are speculative and involve a significant degree of risk. There can be no assurance that the investment or risk management objectives of the Clients will be achieved or that the returns will be profitable. An investment involves a significant degree of risk, including risk of loss.

The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks associated with the investment strategies that the Adviser seeks to implement.

General Economic and Market Conditions. The success of the Clients' activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit,

inflation rates, economic uncertainty, market volatility, changes in laws (including laws relating to taxation of the Clients' investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Clients' investments. Volatility and/or illiquidity could impair the Clients' profitability or result in losses. The Fund could incur material losses even if the General Partner and/or the Adviser react quickly to difficult market conditions, and there can be no assurance that the Clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Investors should realize that markets for the investments in which the Adviser seeks to invest can correlate strongly with each other at times or in ways that are difficult for the Adviser to predict. Even a well-analyzed approach may not protect the Clients from significant losses under certain market conditions. For instance, certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred in December of 2019 may have a significant negative impact on the operations and profitability of the Clients' investments. The extent of the impact to the financial performance of the Clients will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of the Clients is impacted because of these things for an extended period, the Clients' investment results may be materially adversely affected.

Business and Regulatory Risks of Private Funds. The financial services industry generally, and the activities of private investment funds and their managers in particular (including hedge funds and other private investment funds), have recently been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Clients', the General Partner's and/or the Adviser's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the General Partner and/or the Adviser, including, without limitation, responding to investigations, implementing new policies, procedures and reporting requirements. Such burdens may divert the General Partner's and/or the Adviser's time, attention and resources from portfolio management activities.

The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their managers and activities (including the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**")) may adversely affect the ability of the General Partner and the Adviser to manage the Clients or the Clients' ability to successfully pursue their investment strategies and may also affect the value of the Clients' investments. Regulations under the Dodd-Frank Act have added and may continue to add costs to the legal, operational and compliance obligations of the General Partner and the Adviser and increase the amount of time that the General Partner and the Adviser spend on non-investment-related activities.

This Brochure cannot address or anticipate every possible current or future regulation that may affect the Clients, the General Partner, the Adviser or their respective businesses. Such regulations may have a significant impact on the Clients or the operations of the Clients, including, without limitation, restricting the types of investments the Clients may make, preventing the Clients from exercising their voting rights with regard to certain financial instruments, requiring the Clients to disclose the identity of its Investors or otherwise. Prospective investors are encouraged to consult their own advisors regarding an investment.

Potential for Fraud. Although the Adviser conducts due diligence evaluations and investigations on prospective investments, there is a risk that the Clients will be subject to fraud. Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of this issue. The scope and long-term nature of such frauds is a testament to how difficult fraud is to

detect and prevent. There is no assurance the General Partner and/or the Adviser will be able to prevent all types of fraud by parties with whom the Clients, the General Partner and/or the Adviser transact business.

Terrorist Attacks, War and Natural Disasters. Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad, as well as natural disasters may adversely affect the United States, its financial markets and global economies and could prevent the Adviser and the Clients from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and/or natural disasters have created many economic and political uncertainties and may continue to do so in the future, which may adversely affect the United States and world financial markets and the Clients for the short or long-term in ways that cannot presently be predicted.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. The Adviser's business activities as well as the activities of the Clients and its investments could be materially adversely affected by outbreaks of disease, pandemics, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as coronavirus disease 2019 (COVID-19) and the ongoing COVID-19 pandemic (caused by the SARS-CoV-2 virus), Severe Acute Respiratory Syndrome (or SARS), diseases caused by other new or novel coronaviruses, flu and diseases caused by other types or subtypes of influenza viruses, Ebola virus disease, and other epidemics, pandemics, outbreaks of disease or public health issues (including the emergence of new viruses). In particular, coronavirus disease 2019 (or COVID-19), an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 in Wuhan, China and has since spread globally, resulting in an ongoing global pandemic. The COVID-19 pandemic has severely affected (and is likely to continue to severely and materially impact and affect) the global economy, global equity markets and supply chains (including as a result of quarantines, shelter in place orders and other government-directed or mandated or suggested measures or actions to stop or slow the spread of SARS-CoV-2 virus and the spread of COVID-19). Although the short-term and long-term effects of COVID-19 (and the actions and measures taken or mandated by governments around the world to halt or slow the spread of the novel coronavirus and the disease caused thereby) cannot be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as the 2009 swine flu pandemic or 1918 influenza pandemic, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable or infectious disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into or further into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of the Clients and their investments. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), the Clients could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing and other similar or new measures undertaken by governments), additional limitations on the Clients' operations or business and governmental actions limiting the movement of people and goods between regions and other activities or operations.

Investment and Trading Risks Generally. All investments risk the loss of capital. No guarantee or representation is made that the Clients' program will be successful. The Clients' investment program involves, without limitation, risks associated with limited diversification, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Clients' activities. Certain investment techniques of the Clients may, in certain circumstances, substantially increase

the impact of adverse market movements to which the Clients may be subject. In addition, the Clients' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally or in markets where the Fund invests its assets.

The Adviser's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Long/Short Equity. The Clients will pursue a long/short equity strategy. Because a long/short equity strategy involves identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of this strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur or may occur over extended time frames which limit profitability. Positions may undergo significant short-term declines and experience considerable price volatility during these periods. In addition, long and short positions may or may not be correlated to each other. If the long and short positions are not correlated, it is possible to have investment losses in both the long and short sides of the portfolio.

Equity Risks. The Fund will invest in equity securities. The market price of securities owned by the Clients may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Clients is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or the sectors in which the Clients will invest. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, the Clients may lose all or substantially all of its investment in any particular instance.

Corporate Debt. The Clients may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. The Clients may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. The Clients' investments may experience significant credit rating volatility, which may result in significant market value volatility and the potential for substantial loss. In addition, the Clients may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to the Clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such

investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Fund may experience substantial losses.

Investment in Small- and Medium-Capitalization Companies. The Clients may trade and invest in equity securities of small- and mid-cap issuers. Smaller capitalization stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid. Some small companies have limited distribution channels and financial and managerial resources. Such companies may also be dependent on personnel (including key personnel) with limited experience.

Concentration of Investments. The Clients are not limited in the amount of capital that they may commit to any one investment and, in fact, the Clients will have concentrated positions within their portfolio. Allocation of a large portion of the Clients’ capital to one or a small number of investments could increase the risk of investing because of the lack of diversification in its portfolio. The concentration of the Clients’ portfolio in a limited number of issuers, industries or strategies will subject the Clients to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry. The Clients may face similar risks with respect to concentration of investments in a particular country.

Technology and Related Risks. Certain of the companies in which the Clients invest may allocate greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, companies in which the Clients invest could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may have inexperienced management, face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses. Further, many technology companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements, to establish and protect their proprietary rights, which are frequently essential to the growth and profitability of a technology company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which the Clients invest. Conversely, other companies may make infringement claims against a company in which the Clients invest, which could have a material adverse effect on such company.

The markets in which many technology companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which the Clients invest will successfully penetrate their markets or establish or maintain competitive advantages.

Risks of Investments in Digital Assets. The Clients may also invest in digital assets. As a relatively new asset and technological innovation, the digital asset industry is subject to a high degree of uncertainty. The proliferation of digital assets (i.e., bitcoin and other “alt-coins”) will require

growth in their usage and in the various blockchains developed for various applications. Adoption of digital assets will also require an accommodating regulatory environment. A lack of expansion in usage of digital assets and/or blockchain technology as a whole could adversely affect an investment in any digital asset, which could ultimately impact the Clients. In addition, there is no assurance that digital assets in which the Clients are invested will maintain their values over the long-term. The value of digital assets is subject to risks related to such digital asset's usage, public perception, market infrastructure and liquidity, among other factors.

Use of Leverage. The Adviser may use leverage and borrowing. Such leverage may be achieved through, among other methods, borrowing funds, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The Clients may also borrow or use leverage in its portfolio. The Clients may borrow funds from brokers, banks and other lenders to finance their investing and trading operations, which borrowings may be secured by assets of the Clients. The use of such leverage can, in certain circumstances, maximize the losses to which the Clients' investment portfolios may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that particular assets or the Clients as a whole are leveraged. The cumulative effect of the use of leverage by the Clients in a market that moves adversely to the Clients' investments could result in a substantial loss to the Clients, which would be greater than if the Clients were not leveraged.

Use of Derivatives. The Adviser may use derivative instruments, including without limitation, option contracts, swap agreements and forward contracts, and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes. The use of such instruments and techniques may result in leveraging the assets of the Fund, thereby exposing the Fund to significant risks.

Among other things, the prices of derivative instruments can be highly volatile. Price movements of derivative instruments are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a trader, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a trader to close out its positions).

Hedged and Arbitrage Strategies. The use of "hedged" or arbitrage strategies does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognized on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same issuer. The Adviser may employ limited directional strategies which expose the Clients to market risk. Among the risks of arbitrage

transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

Short Selling. The Adviser may engage in selling securities and other financial instruments short, which involves the sale of borrowed financial instruments. In order to sell a financial instrument short, the seller must borrow the financial instrument from a lender and deliver it to the buyer. The seller is then obligated to return the financial instrument to the lender at its request (although the seller remains free to return the financial instrument to the lender at any time prior to the lender's request). The seller ordinarily fulfills its obligation to return a financial instrument previously sold short by acquiring it in the open market.

A short sale by the Adviser ordinarily involves a judgment on its part that, subsequent to the sale, the price of the financial instrument will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the financial instrument (or a financial instrument exchangeable for or convertible into such financial instrument) at a later date to fulfill the obligation to return the financial instrument to the lender.

The principal risk in selling a particular financial instrument short is that, contrary to the Adviser's expectation, the price of the financial instrument will rise, resulting in a loss equal to the difference between the cost of acquiring the financial instrument (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited; since there is theoretically no limit on the price to which the financial instrument sold short may rise.)

Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a financial instrument that has been sold short. These traders hope that, by driving up the price of the financial instrument through their purchases, they will induce short sellers to seek to minimize their losses by buying the financial instrument in the open market for return to their lenders, thereby driving the price of the financial instrument even higher.

Reliance on Fundamental Analysis. The Adviser may base its trading decisions, in whole or in part, on fundamental analysis. Fundamental trading systems consider factors, such as inflation, trade balances, inventories and interest rates, which do not have an impact on traditional technical trading systems, in an attempt to identify investment opportunities. To the extent that such factors provide mixed or conflicting signals, the fundamental trading systems may not be able to detect and/or accurately predict price trends. There can be no guarantee that the Adviser's fundamental trading systems will enable the Adviser to accurately value the securities in which the Clients invest or that any anticipated price trends will materialize with respect to such investments.

Trading in Non-U.S. Companies and Markets. The Adviser will trade in non-U.S. markets and/or trade in the securities of non-U.S. companies which involves certain considerations not usually associated with trading in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of some markets in foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility;

fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States.

There is also less regulation, generally, of the financial markets in foreign countries than there is in the United States. For example, some foreign exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, an investor is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts.

Trading in OTC Markets. The Adviser may engage in over-the-counter (“**OTC**”) derivative transactions, such as currency forward contracts traded in the interbank market; options on currency forward contracts and certain swap agreements. In general, there is less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. Most of the protections afforded to participants on U.S. and certain non-U.S. exchanges, such as daily price fluctuation limits and the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The Fund will be exposed to greater risk of loss through default than if they confined their trading to organized exchanges.

Cash and Cash Equivalent Investments. The Clients may invest a portion of their assets in cash or cash equivalent items for investment purposes, pending other investments, as collateral or as provision of margin for derivative instruments. These cash items generally are of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers’ acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses.

Accuracy of Public Information. The Adviser selects investments for the Clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and ordinarily seeks independent corroboration when the Adviser considers it appropriate, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Risk Reduction Techniques May not be Effective. The Adviser may use various hedging or other “risk-reduction” techniques in an attempt to minimize the risk of loss in portfolio positions. Such techniques may not always be available, and even when implemented may not always be effective in limiting losses. For example, the degree of correlation between an asset being hedged and the hedging instruments may vary from historical trends, resulting in less protection to the portfolio. Some hedging techniques limit the opportunity for gain with respect to the position being hedged. In addition, risk-reduction techniques impose additional trading costs. During particularly volatile market conditions, the Adviser may use risk-reduction techniques that provide no added protection, while possibly imposing significant transaction costs. Moreover, illiquidity or default on one side of a hedge can effectively result in the position being converted into one that is entirely speculative.

Broad Investment and Trading Mandate. The Governing Documents do not impose significant restrictions on the Adviser's investing and trading for the Clients and permits the Clients to invest and trade in a broad range of financial instruments. The Adviser may engage in any strategies from time to time (either in lieu of or in addition to the strategies described herein) to take advantage of changing market conditions and investment opportunities, without notice to the Investors. This could involve changes in the types of financial instruments in which the Fund trades and invests, as well as changes in the markets in which such instruments trade. There can be no assurance that pursuing additional strategies, either in lieu of or in addition to the three principal strategies described herein, would be successful or not result in losses. The General Partner will, however, notify the Investors of any material changes to the Clients or their business.

Counterparty Risks. The Clients expect to establish relationships to obtain brokerage and other related services; however, there can be no assurance that the Clients will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Clients' trading activities and could create losses, preclude the Clients from engaging in certain transactions and brokerage services and prevent the Clients from trading at optimal rates and terms. Moreover, a disruption in the brokerage services provided by any such relationships before the Clients establishes additional relationships could have a significant impact on the Clients' business due to the Clients' reliance on such counterparties.

Some of the markets in which the Clients may effect its transactions are "over-the-counter" or "inter dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Clients to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Clients to suffer a loss. In addition, in the case of a default, the Clients could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where the Clients have concentrated their transactions with a single counterparty or small group of counterparties. Furthermore, there is a risk that any of the Clients' counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Clients' counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Clients' securities and other assets from the Clients' brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such broker or broker-dealer.

The Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Adviser's internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The ability of the Clients to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of the Clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients.

General Operational Risks. The Clients' transactions may place substantial burdens on the Adviser's operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error (including, without limitation, trading errors), system failure or other problems with any of these processes could result in material losses or costs, which generally are borne by the Clients.

Execution Risks. The Clients' trading strategy depends on their ability to establish and maintain an overall market position in a combination of financial instruments selected by the Adviser. Should the Clients' trading orders not be executed in a timely and efficient manner, the Clients might be

able to acquire only some, but not all, of a desired position, or if the overall position were to need adjustment, the Clients might not be able to make such adjustment. In such an event, the Clients would not be able to achieve the market position selected by the Adviser and might incur a loss in liquidating its position.

Valuation Risks and ASC 820. Although the Adviser, at the direction of the foregoing, will attempt to mark the Clients' portfolio to fair value, substantial uncertainty and subjectivity often exist, particularly for illiquid investments, and even the Adviser's best judgment as to fair value may not accurately reflect the prices at which the Fund could actually purchase or sell such assets. The Adviser determines the fair value of many investments based on a variety of valuation methodologies, which may depend on a variety of inherently unreliable estimates and assumptions. The methodologies applied to particular assets or types of assets may vary from case to case and over time depending on a range of factors. A failure to properly value the Clients' assets could have a material adverse effect on the returns earned by Investors. Many assets are subject to rapid changes in value caused by sudden company-specific or industry-wide developments. For certain illiquid investments, long periods of time may pass during which the Adviser will have no basis upon which to change the reported value of the investment, with the result that large price movements could occur suddenly when information does become available or an investment is liquidated. Performance Allocations are calculated based on unrealized gains, on the basis of an estimate of fair value, which could be inaccurate. All values assigned to assets and liabilities by the Adviser generally are conclusive and binding on all Investors.

Regulatory and Legal Matters. In the course of its investment activities on behalf of the Clients, the Adviser may employ unusual or novel investment strategies, securities, financing structures, contractual arrangements and other techniques, both in the United States and in many other countries. The use of these techniques, as well as more ordinary techniques employed on behalf of the Clients, frequently may give rise to circumstances in which it is difficult or impossible to identify and apply governing laws and regulations (including those relating to securities, trading and tax issues, among others) to the Clients' specific activities with any certainty. Although the General Partner and the Adviser strive to comply with all applicable laws and regulations, there can be no certainty that this objective will be achieved. Even an inadvertent violation or an alleged violation of applicable laws or regulations could impose significant costs on the Clients, including disgorgement of profits, penalties, settlement payments, loss of necessary licenses, restrictions on future activities, adverse publicity and otherwise. Such costs generally are borne by the Clients, even if they result from the negligence of the General Partner or the Adviser (but generally not if resulting from the fraud, bad faith, willful misconduct or gross negligence of the General Partner or the Adviser). Furthermore, at the time the Clients bear such costs, the composition of the Investors will likely be different than it was at the time of the violation giving rise to such costs. There generally will be no mechanism by which the Clients may recapture such costs from, or otherwise allocate such costs to, withdrawn Investors. As a result, the Investors at the time such costs are paid would bear a disproportionate share of such costs.

The General Partner, the Adviser, the Clients and their affiliates may in the future be named as defendants in civil litigation related to their investment management activities or investments. The expenses of defending against claims and paying any amounts pursuant to settlements or judgments generally will be borne by the Clients, and the General Partner, the Adviser and their affiliates generally will be indemnified by the Clients in connection with any such litigation, subject to certain conditions. Litigation could also be a distraction for the General Partner's and/or the Adviser's personnel and, if adversely decided, could result in costs that would make it difficult for the General Partner or the Adviser to attract and retain key personnel or otherwise achieve its objectives.

Absence of Regulatory Oversight. While the Clients may be considered similar to an investment company, the Clients have not registered and do not expect to register as such under the Company Act, and, accordingly, the provisions of that act (which, among other matters, require investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company) generally are not applicable to the Clients.

Performance History. The Adviser is a newly formed entity that has a limited or no operating or performance history which prospective investors can review in connection with an investment in the Clients. Past performance of the Clients, the Adviser, the General Partner, the principal and their respective affiliates are not necessarily indicative of future performance or the profitability of an investment in the Clients. The Clients' investment program should be evaluated on the basis that there can be no assurance that the Adviser's assessment of the short-term or long-term prospects of investments will prove accurate or that the Clients will achieve their investment objective. An investment in the Clients involves a substantial degree of risk, including risk of loss.

Incomplete Information. An Investor generally may not have sufficient information to analyze or evaluate the risks or potential returns of the Clients' investment program currently or prospectively. In general, the Adviser may not provide current or detailed information about the Clients' portfolio or any advance notice to Investors of anticipated changes in the composition of the Clients' portfolio. However, in response to questions and requests and in connection with due diligence meetings and other communications, the Clients, the General Partner and/or the Adviser may provide additional information to certain Investors that is not distributed to other Investors, and such information may affect an Investor's decision to request a withdrawal. Each Investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, including whether to invest in the Clients, and each Investor must decide for itself whether the limited information provided by the General Partner, the Adviser and the Clients is sufficient for its needs.

Withdrawals. An investment in the Clients generally provides limited liquidity (which liquidity is subject to the Early Withdrawal Fee during the first twelve months following a Capital Contribution to the Clients) since the Interests are not be freely transferable, an Investor is only permitted to withdraw amounts from its capital account balance on a limited basis in accordance with the terms of the Governing Documents. The General Partner may delay withdrawal payments if such delay is reasonably necessary to prevent such withdrawal from having a material adverse impact on the Clients. The Clients may also suspend the calculation of Net Asset Value and/or withdrawal or distribution rights of Investors under certain circumstances. An investment in the Clients is appropriate only for sophisticated investors who do not require immediate liquidity for their investment.

Required Withdrawal. The General Partner generally may mandatorily withdraw an Investor's interests (in whole or in part) for any reason or no reason in its sole discretion. Such mandatory redemption may create adverse tax and/or economic consequences to the Investor depending on the timing thereof.

In-Kind Distributions. A withdrawing Investor may, at the discretion of the General Partner, receive securities, financial instruments or other assets owned by the Clients in lieu of, or in combination with, cash. Such distributions may include interests in one or more trading vehicles or special purpose vehicles holding financial instruments owned by the Clients or participations therein. To the extent a withdrawing Investor is distributed interests in one or more trading vehicles or special purpose vehicles, such withdrawing Investor will continue to be at risk of the Clients' business (including its credit risk) until all such financial instruments or assets are sold. The value of an in-kind distribution may increase or decrease after the distribution is made and before

the security is sold either by the withdrawing Investor, if received directly, or by the General Partner or its affiliates, if held through a trading vehicle or special purpose vehicle. In either case, the withdrawing Investor will incur transaction costs in connection with the sale of any such instruments and, in the case of interests in trading vehicles or special purpose vehicles, will bear a proportionate share of the operating and other expenses borne by such vehicle. Instruments distributed in-kind may not be readily marketable. The risk of loss and delay in liquidating these financial instruments are borne by the Investor, with the result that such Investor may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash. Furthermore, to the extent that a withdrawing Investor receives interests in one or more trading vehicles or special purpose vehicles, such withdrawing Investor generally has no control over when and at what price the financial instruments or assets in which such vehicles have an interest are sold.

Reliance on the General Partner, Adviser. The success of the Fund is heavily dependent upon the ability of the General Partner, the Adviser and their agents, principals and employees, including specifically its principal. If the principal ceases to be involved, directly or indirectly, in the General Partner, the Adviser and the management of the Clients or their portfolios, the business of the Clients would likely be adversely affected. Any deterioration in the General Partner's or the Adviser's net income or prospects, which could be expected to follow from investment losses and a reduction in assets under management, will make it more difficult to retain key personnel (including partners and employees) and could have a material adverse effect on the Clients. If the principal of the General Partner and/or the Adviser ceases to be involved, directly or indirectly, in the General Partner and/or the Adviser and the management of the Clients or their portfolios, the business of the Clients would likely be adversely affected.

While the General Partner, the Adviser and their principals and affiliates will devote as much time to the Clients' affairs as they deem necessary and appropriate, they generally will not be precluded from engaging in outside activities. Any of the foregoing generally are permitted to engage and hold interests in other business ventures and activities of every kind and description for their own account including, without limitation, other investment entities similar to the Clients and/or other investment advisory entities similar to the General Partner and/or the Adviser.

Side Letters. The Clients, the Adviser and/or the General Partner are permitted from time to time enter into letter agreements or other similar agreements (collectively, "**Side Letters**") with one or more Investors that alter, modify or change the terms of the Interests held by such Investors. Side Letters may provide such Investor(s) with additional and/or different rights (including, without limitation, the Performance Allocation, Management Fees, withdrawal terms, capital contribution amounts, informational rights, transparency rights, capacity rights, most favored nations and other rights) than the other Investors. Except to the extent required by applicable law, the Clients are not required to notify any or all of the other Investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor is the Clients required to offer such additional and/or different rights and/or terms to any or all of the other Investors.

Limitation of Liability and Indemnification. Certain exculpation and indemnification provisions are contained in the Governing Documents and other applicable documents. As a result of these provisions, the General Partner, the Adviser and their affiliates and personnel generally will not be liable to the Clients for any act or omission (including employee negligence and similar human errors), absent gross negligence, bad faith, willful misconduct or fraud, and the Clients generally are required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Clients (to the extent permitted by applicable law). Notwithstanding the foregoing, such provisions will not be construed to relieve any person of any liability to the extent that such liability may not be waived, modified or limited under applicable law (including liability

under certain U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith).

Effect of Withdrawals. A significant withdrawal of capital from the Fund may cause a temporary imbalance in the Clients' portfolio which may adversely affect the remaining Investors.

Security Breaches and Disruptions. In the ordinary course of business, the Fund, the General Partner, the Adviser and their service providers collect and store, on such parties' networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the Investors. The secure processing, maintenance and transmission of this information is critical to the Clients' operations. Despite the security measures implemented by the Clients, the Adviser and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the Investors, cause reputational harm to the Adviser and/or the Clients and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Clients and their Investors.

Possibility of Taxation of Income without Corresponding Distribution. The Clients may be required to recognize taxable income from its investments that is not matched by corresponding distributions of cash. As a result, an Investor's federal and other income tax liabilities with respect to its allocable share of the Clients' taxable income in a particular tax year could exceed the cash distributions to such Investor for such year.

May Not Be Appropriate for Tax-Exempt Investors and Non-U.S. Investors. Due to unrelated business taxable income ("UBTI") that could be allocated to a tax-exempt Investor and certain tax and withholding obligations that could be imposed with respect to a non-U.S. Investor, an investment in the Clients may not be appropriate for U.S. tax-exempt Investors, including employee benefit plans or non-U.S. Investors. Accordingly, prospective U.S. tax-exempt Investors, including employee benefit plan investors, and non-U.S. Investors are urged to consult their tax advisors prior to investing in the Clients.

Business Continuity and Disaster Recovery. Charles Lane's business operations are vulnerable to disruption in the case of catastrophic events such as fires, natural disasters (e.g., tornadoes, floods, hurricanes, and earthquakes), epidemics and pandemics, terrorist attacks, or other circumstances resulting in property damages, network interruption or prolonged power outages. Although Charles Lane has adopted a policy to address business continuity and recovery in the event of such a disaster, there can be no assurance that all contingencies are planned for or that such preparations will be successful. If business operations are disrupted or suspended for extended periods of time, Charles Lane and the Clients may be adversely affected.

The Business Continuity/Disaster Recovery plan was implemented by Charles Lane in response to the 2019 novel coronavirus ("COVID-19") pandemic when the Firm first launched. The plan continues to remain in effect at this time, until the Adviser, in its discretion with consideration for public health authorities, has determined that it is in the best interests of the Adviser, its employees and the Clients to de-escalate the Business Continuity/Disaster Recovery plan.

Cybersecurity. The operations of Charles Lane and the Clients are dependent on technology, information, and communication systems. A failure of any such system, a security breach, or a cyber-attack could significantly disrupt Charles Lane's operations and those of the Clients. The service providers of Charles Lane and the Clients are subject to the same cybersecurity threats as Charles Lane and the Clients. If a service provider fails to adopt, implement, or adhere to adequate cybersecurity measures, or in the event of a breach of its networks, information relating to the Clients, the Clients' operations and personal information relating to Investors may be lost, damaged or corrupted, improperly accessed, or improperly used or disclosed.

Item 9 - Disciplinary Information

The Adviser has not been subject to any legal or disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Adviser have been subject to such action.

Item 10 - Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its affiliates are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither the Adviser nor any of its affiliates are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

Code of Ethics Pursuant to Rule 204A-1 of Advisers Act

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 (the "**Advisers Act**"), the Adviser has adopted a Code of Ethics (the "**Code of Ethics**"), which is designed to ensure that it conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all Charles Lane employees. In addition, the Adviser recognizes that it has a fiduciary duty to its clients, and that all of its employees need to conduct their business on Charles Lane's behalf in a manner that enables the Adviser to fulfill this fiduciary duty. In this regard, the Adviser has developed policies and procedures in the Code of Ethics that are premised on the fundamental principles of openness, integrity, honesty and trust. Employees are provided with a copy of the Code of Ethics and are annually required to sign and acknowledge that they will comply with its provisions. The Adviser will provide a copy of the Code of Ethics to any Investor or prospective Investor upon request.

Personal Trading

In general, employees (and members of their immediate households) must obtain pre-clearance before making certain securities transactions, including transactions in a private placement or initial public offering. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities. All employees must provide duplicate copies of brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

Participation and Interest in Client Transactions

Subject to applicable law, the Adviser, from time to time, affects transactions between Client accounts whereby one Client account will purchase securities from or sell securities to another account. When effecting such transactions, the Adviser will follow documented procedures for doing so, including requiring pre-approval from the CCO.

Aside from investments in the Clients, related persons generally may not invest in the same securities (or related securities) that are recommended to Clients. Such practices could present a conflict, where a related person is in a position to trade in a manner that could adversely affect a Client's account (e.g., by placing its own trades before or after Client's trades are executed in order to benefit from any price movements). The Adviser has adopted the personal trading policy summarized above in an effort to minimize such conflicts.

Item 12 - Brokerage Practices

The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Clients. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. However, all transactions will be made on a "best execution" basis.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Adviser and its Clients.

In selecting brokers and negotiating commission rates, the Adviser may take into account the financial stability and reputation of brokerage firms, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities, the size and type of the transaction, the difficulty of execution and the ability to handle difficult trades, and the operational facilities of the brokers and/or dealers involved (including back office efficiency) and the research, brokerage or other services provided by such brokers.

Soft Dollars

The Adviser has entered into soft dollar arrangements with brokers. Section 28(e) of the Securities Exchange Act of 1934, as amended ("**Section 28(e)**"), is a "safe harbor" that permits an Adviser to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be Client expenses or as otherwise described below, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include: research reports (including market research), certain financial newsletters and trade journals, software providing analysis of securities portfolios, corporate governance research and rating services,

attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, consultants' advice on portfolio strategy, data services (including services providing market data, company financial data and economic data), advice from brokers on order execution and certain proxy services. Brokerage services within Section 28(e) may include: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an Adviser and a broker-dealer and other relevant parties such as custodians), trading software operated by a broker-dealer to route orders, software that provides trade analytics and trading strategies, software used to transmit orders, clearance and settlement in connection with a trade, electronic communication of allocation instructions, routing 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. The use of commissions arising from the Clients' investment transactions for services other than research and brokerage will be limited to services that would otherwise be a Client expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

In some instances, the Adviser receives a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes (e.g., an order management system, trade analytical software or proxy services). In such instances, the Adviser makes a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities is paid through brokerage commissions generated by Client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) are paid for by the Adviser from its own resources unless otherwise a Client expense.

Aggregation

When appropriate, the Adviser aggregates Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades are allocated securities based on the average price achieved for such trades.

Item 13 - Review of Accounts

Review of Accounts

The portfolio companies of the Clients are regularly reviewed by the CCO to determine the portfolio companies' conformity with investment objectives and guidelines. In addition, the Adviser will review Client transactions, positions and cash balances on a daily basis.

Reporting

Investors in the Clients will receive periodic unaudited reports in accordance with the Governing Documents and also receive audited financial statements on an annual basis (see "Item 15 – Custody").

Item 14 - Client Referrals and Other Compensation

Charles Lane does not currently engage a third-party placement agent to introduce prospective investors to the Clients and to any future Clients. However, if the Adviser does engage a third-party

placement agent Charles Lane will agree on terms with any prospective investor on how the placement agent fees will be paid.

Item 15 - Custody

To the extent that it is required to do so, the Adviser complies with the applicable requirements of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) with regard to the Adviser’s custody of the assets of the Funds.

The Adviser or its affiliate is deemed to have custody of the Fund’s assets and will provide all Investors with audited financial statements for the Fund in which they are invested within 120 days of such Fund’s fiscal year end. In addition, the audited financial statements are prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements.

The SMA is not subject to the Custody Rule because the Advisor does not have custody of the funds in the SMA.

Item 16 - Investment Discretion

The Adviser has full investment discretion in managing the investments and divestments of the Clients. The terms of these investments, as well as the investment strategy and guidelines around the use of this discretion, are described in detail in the Governing Documents. The Adviser assumes investment discretion and day-to-day operations over the Clients by virtue of the power granted to it and/or an affiliate in the Governing Documents of the Clients.

Item 17 - Voting Client Securities

The Adviser has established proxy voting policies and procedures designed to ensure that proxies, to the extent the Adviser has been delegated authority to vote such proxies on behalf of Clients and elects to vote, are voted in the best interest of Clients. When voting proxies, the Adviser must identify and address material conflicts that may arise between the Adviser’s interests and those of the Clients. Specifically, the Adviser monitors the potential for conflicts of interest that might arise from personal relationships that the Adviser or its employees may have with parties involved in the vote, significant Investor relationships with those parties, and other special circumstances.

If the Adviser determines that a conflict of interest exists as to a particular issuer, the CCO will determine whether the conflict is material to the vote. If it is determined not to be material, the Adviser will vote without further procedures. If it is determined to be material, the Adviser will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote.

Current and prospective Clients and Investors may request a copy of the Adviser’s proxy voting policies, as well as relevant proxy voting records, by contacting the CCO.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about the registered investment adviser’s financial condition. The Adviser is not aware

of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Clients and has not been the subject of a bankruptcy proceeding. The Adviser does not require or solicit prepayment of more than \$1,200 in fees for any Client, six months or more in advance, and therefore has not included a balance sheet.