

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Potrero Capital Research, LLC (“Potrero” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 415-576-1104 or jack@pcapresearch.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Potrero is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information based on which you determine to hire or retain an Investment Adviser.

Additional information about Potrero is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following is a summary of material changes made to this Brochure:

- This Brochure has been updated to reflect Potrero’s current RAUM.
- There have been no other material changes since Potrero’s previous filing in March 2022.

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Item 4 – Advisory Business

A. Potrero Capital Research, LLC (“Potrero” or the “Firm”) is a Delaware limited liability company formed on February 27, 2003. Jack R. Ripsteen is the Managing Member and sole owner of Potrero.

B. Potrero provides investment supervisory services to two private investment funds, Potrero Capital Research Partners, L.P., a California limited partnership, Potrero Capital Research Partners II, L.P., a Delaware limited partnership (each a “Domestic Fund” or collectively the “Domestic Funds”), and a fund of one, Potrero Institutional Fund, Ltd, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “Cayman Fund”) (and collectively with the Domestic Funds, the “Funds”) and one or more separately managed account clients through a sub-advisory agreement (“SMAs”). Potrero may decide in the future to sponsor or manage additional private investment funds or separately managed accounts (collectively with the Funds, the “Clients”).

The Funds offer limited partnership interests (the “Interest(s)”) to certain qualified investors as described in response to Item 7 (the “Investors”).

C. Advisory services are tailored to achieve the Funds’ investment objectives. Pursuant to each of the Funds’ offering memorandum, limited partnership agreement, and subscription documents (“Constituent Documents”), the Funds’ investment objective is to seek long-term capital appreciation through investments in and short sales of equity securities of small capitalization companies. Potrero has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Clients or Investors.

Investments for a SMA are managed in accordance with the Client’s investment objectives, strategies, restrictions and guidelines as set forth in the documents governing Potrero’s relationship with such Client or as otherwise communicated to Potrero by the Client. Depending on the nature of the relationship, these services may be offered on a discretionary or non-discretionary basis and may include investments in, and short sales of equity securities of small capitalization companies held in a Client’s account. If a Client wishes to impose certain restrictions on investing in certain securities or types of securities or is prohibited by applicable law from investing in such securities or types of securities, Potrero will address those requests on a case-by-case basis.

D. Potrero does not participate in wrap-fee programs.

E. Potrero manages the assets of the Clients. As of December 31, 2022, Potrero manages \$327,676,000 in assets on a discretionary basis. It manages \$0 in assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fee.

The fees and compensation payable to Potrero are negotiable. From the Domestic Funds, Potrero typically receives, as to each Investor, an annual management fee equal to 2.0% of the balance of each Investor's capital account. Potrero only receives an annual management fee equal to 1.0% of the balance of certain Investor's capital account attributable to investments in Potrero Capital Research Partners, LP made on or prior to December 31, 2011. Potrero typically receives an annual management fee linked to the net asset value of the participating shares in the Cayman Fund. The management fee of the Funds is paid quarterly, in advance and together with other fees described below is deducted from the Funds' assets, respectively. Potrero will pro rate the management fee for Interests held for less than a full quarter, however, Investors will not receive a refund of the management fee if they withdraw capital prior to the end of a quarter. Potrero may waive all or a portion of the management fee as to an Investor, or may agree with an Investor to other changes in the management fee respecting such Investor.

If an SMA Client is engaged, the SMA may pay Potrero an annualized management fee (the "SMA Management Fee"). The SMA Management Fee will be subject to negotiation with the Client and a Client may therefore pay more or less than other Clients for the same or similar management services. Any SMA Management Fee will be dependent on the individual investment advisory agreement negotiated between the Client and Potrero. Potrero may in its own discretion waive or reduce the SMA Management Fee. To date, Potrero has not earned an SMA Management Fee.

In the event of a termination of an SMA investment advisory agreement, the fees will be prorated. Any paid but unearned fees will be promptly refunded to the SMA and any fees due to Potrero from the SMA will be invoiced or deducted from the SMA prior to termination. Notwithstanding the foregoing, Potrero may negotiate or set a management fee different from the foregoing with respect to the Funds, SMAs or any other Client Potrero manages in the future.

Expenses.

The Funds will bear the expense of brokerage commissions or other securities transaction costs, custodial fees, governmental fees and taxes, the legal and accounting costs incurred in connection with an audit of the Fund's tax return, margin interest or interest on other borrowings, and all expenses that Potrero, in its discretion, determines to be extraordinary, such as legal fees and costs relating to litigation, arbitration, claims or similar proceedings. The General Partner may, in its sole and absolute discretion, pay or reimburse the Partnership, for any or all other expenses.

The SMA Client may also be responsible for certain operating expenses including custodial fees, broker commissions, clearing fees, direct expenses, and audit expenses, as outlined in its investment advisory agreement with the SMA Client.

Item 12 further describes the factors that Potrero considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

Potrero and its supervised persons do not receive a brokerage commission or any other compensation attributable to the sale of securities or investment products.

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

In addition to the management fees described in response to Item 5, Potrero also receives a performance allocation. From the Domestic Funds, Potrero receives a performance allocation equal to 20% of the profits (including realized and unrealized gains and losses) allocated to each Investor. The Funds maintain a loss recovery account for each Investor, which will be debited with any net capital depreciation (taking into account the management fee) allocated to such Investor. Potrero will not receive any performance allocation with respect to an Investor until such Investor has recovered all amounts debited to its loss recover account (as adjusted for withdrawals of capital.) Profit allocations are generally made annually as of December 31 but may be made more frequently upon the earlier withdrawal of an Investor.

From the Cayman Fund, Potrero will be entitled to an annual incentive fee equal to 20% of the positive amount, if any, equal to the difference between (A) any net profit in respect of the Investor's participating shares for the fiscal year in excess of the balance of the contingent loss account, if any, adjusted for additions and redemptions of capital, and (B) the amount that would have been earned if an amount equal to the prior fee base net asset value of the investor's participating shares had, in the aggregate, earned a return equal to 5% per annum since the date of the prior payment of incentive fee to Potrero.

From the SMA Client, Potrero may receive a performance allocation equal to 10% of the profits realized over the life of the investment subject to certain conditions detailed in the sub-advisory agreement between Potrero and the SMA Client.

Currently Potrero allocates investment opportunities to the Funds and to one SMA. Potrero addresses any potential related conflicts by allocating investment opportunities among those Clients for which participation in the investment opportunity is considered appropriate in a fair and equitable manner, taking into account, among other considerations, whether the risk-return profile of the proposed investment is consistent with the Client's objectives and the liquidity requirements of the Client. Such considerations may result in allocations on other than a pari passu basis.

Performance-based compensation may create an incentive for Potrero to make investments that are riskier or more speculative than would be the case in the absence of

special allocations to Potrero based on performance. Notwithstanding this potential incentive, Potrero will evaluate investments in a manner that it considers to be in the best interest of the Clients, given the Clients' investment objectives, investment strategies, suitability of the investment, and the Clients' risk profile.

Item 7 – Types of Clients

Potrero provides investment supervisory services to the Funds and to one SMA Client, which are currently Potrero's only clients. Potrero may in the future provide the same or similar services to other privately placed investment funds and/or separately managed accounts.

Prospective Investors in the Funds and SMA Clients must meet eligibility criteria as set forth below and are subject to certain withdrawal requirements and limitations. Prospective Investors are encouraged to thoroughly review the Funds' Constituent Documents and any other materials provided by Potrero which set forth all of the terms in detail.

Interests in Potrero Capital Research Partners, L.P. are offered to "accredited investors" (as defined in Regulation D under the Securities Act of 1933) and "qualified clients" (as defined under Rule 205-3 of the Investment Advisers Act of 1940). Investors in Potrero Capital Partners, L.P. must also be "qualified purchasers" (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended).

The minimum initial investment in Potrero Capital Research Partners, L.P. is \$250,000 and \$1,000,000 in Potrero Capital Research Partners II, L.P. and the minimum additional investment in both Funds is \$50,000. Potrero, in its sole discretion, may permit investments that are less than the required minimum investment commitment (or require a different amount), as set forth in the Constituent Documents of the respective Funds.

Potrero Institutional Fund, Ltd. is a fund of one and is an exempted company incorporated with limited liability under the Cayman Islands Companies Law. The minimum initial investment in the fund of one will vary and/or is subject to negotiation.

Minimum account sizes for SMA Client accounts vary depending on the type of investment advisory services to be performed and in certain circumstances may be negotiable.

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

Investing in securities involves risk of loss that Clients and their Investors should be prepared to bear.

INVESTMENT STRATEGY

The Funds' investment objective is to seek long-term capital appreciation through investments in and short sales of equity securities of small capitalization companies. From time to time, at Potrero's discretion, the Funds will hold investments in and sell short equity securities of mid-to-large capitalization companies. The Funds will make investments in or sell short mid-to-large capitalization companies based on Potrero's assessment of the investment environment. There is no assurance that the Funds will achieve the investment objective.

Potrero engages in intensive research and value-oriented discipline to discover value investment opportunities in small cap equities. Potrero believes that irrespective of overall market conditions there exist significant opportunities for superior returns in overlooked companies with strong fundamentals.

Potrero will focus primarily on creating long positions in a concentrated number of small cap equities that have little or no Wall Street sponsorship. Based on Potrero's assessment of the investment environment, Potrero will also make investments in mid-to-large cap equities. While Potrero will seek to maintain a long, value-based bias, Potrero will also actively seek short positions to hedge the Fund's long positions and diversify risk.

Potrero selects stocks for both the Funds' long and short positions based on a bottom up, research driven approach. On the long side, Potrero looks for equities that, based on their financial and industry analysis, currently trade at an acceptable discount to their one-year value and are ahead of a fundamental catalyst. Potrero looks for investment opportunities in which anticipated positive business events are not yet priced into a company's market value. Specifically, Potrero seeks companies that currently trade near their intrinsic economic value which, in the opinion of Potrero, provides an attractive risk-to-reward investment profile. While Potrero focuses on achieving long-term capital appreciation, Potrero will also adhere to a strict sell discipline if its portfolio investment price targets are met in the short-term.

In establishing a short position for the Funds, Potrero looks for equities with deteriorating fundamentals, near term negative catalysts and, when possible, opportunities to establish a "pairs trade" – a short position in a similar sector or market as one of its long positions. Potrero may use leverage in an attempt both to hedge the Funds' assets and to enhance returns. The use of leverage, however, is not expected to be a material part of the Potrero's investment strategy. Stock and stock index put and call options may also be used as additional hedges against market risk.

The Clients will primarily invest in and actively trade in public U.S. equity securities. To a lesser extent, however, it may also make investments in and actively trade international equities (through Depositary Receipts), options and other derivatives, convertibles, warrants and stub securities, and in privately placed securities of public companies (i.e., PIPES), when, in Potrero's opinion, attractive opportunities arise.

The Funds' governing documents do not limit Potrero's investment strategy. Potrero has wide latitude to invest or trade the Funds' assets, to pursue any particular strategy or tactic or to change the Funds' emphasis, objectives, policies and strategy, all without obtaining the approval of Investors. Furthermore, the Funds' Constituent Documents impose no limits on the types of securities or other instruments in which the Funds may take positions, the choice of sector or sectors within which it seeks to identify securities, the choice of markets (domestic or foreign) within which the Funds may invest, the type of positions it may take, the investment or trading strategies it may use, its ability to borrow or use other types of leverage, or the concentration of the Funds' investments.

GENERAL RISK FACTORS

No guarantee or representation is made that Potrero will achieve the investment objective. Investment with Potrero involves significant risks and conflicts of interest, including, but not limited to, the risks and conflicts of interest set forth below and in response to Item 11. The risks set out below do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial may become material factors that affect Potrero. Prospective Investors should carefully consider the risks involved in an investment with Potrero, including but not limited to those discussed below. Prospective Investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment with Potrero generally.

INVESTMENT RISKS

Smaller Company Risk. Potrero primarily invests in the securities of smaller companies that may be more susceptible to market downturns, and the prices of which may be more volatile than those of larger companies. Smaller companies generally have narrower markets and product lines and more limited managerial and financial resources than larger, established companies. The securities of smaller companies are often traded over-the-counter and may not be traded in volumes typical of securities traded on a national securities exchange. Consequently, the securities of smaller companies may have limited market stability and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general.

Concentration of Investments. The Funds' Constituent Documents impose no limits on the concentration of the Funds' investments in particular securities, industries, or sectors and at times the Funds expect to hold a relatively small number of securities positions, each representing a relatively large portion of the Funds' capital. Losses incurred in those positions could have a material adverse effect on the Funds' overall financial condition.

General Investment and Market Risks. There can be no guarantee of the success of Potrero's investment strategy and Clients' investment activities may be significantly and adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, pandemics, changes in laws, and national and

international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Clients' investments. Unexpected volatility or illiquidity could impair Clients' profitability or result in losses.

Pandemics. The impact of epidemics and pandemics could greatly affect the economies of many nations including the United States, individual companies, and the market(s). Pandemics may cause extreme volatility and disruption in both the U.S. and global markets causing uncertainty and risks to economic growth, etc. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social, and economic risks in certain countries and globally. Also, pandemics may result, as this outbreak of coronavirus has resulted, in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellation of travel, disruptions to supply chains and customer activity, as well as general concern and uncertainty.

Cybersecurity Risks. Potrero and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting Potrero's ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Potrero to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.

High Portfolio Turnover and Recognition of Gains. Potrero's investment strategy may result in a short holding period before investments are rolled over into new investments or sold. This will cause the recognition of any investment gains on a more frequent basis than other investment strategies. Many of those gains will not likely qualify for the holding period needed for long-term capital gains tax treatment. Therefore, taxable Investors in this may have a greater need to pay regular income taxes (out of their own resources or by requesting withdrawals) than compared to other investment strategies that hold investments longer.

Availability and Accuracy of Information. Potrero will select investments for the Funds on the basis of information and data derived from firsthand research by Potrero and, for public companies, filed by the issuers of such securities with the SEC. Although Potrero intends to evaluate all such information and data and to seek independent corroboration when Potrero considers it appropriate and when it is reasonably available, Potrero will not in many cases be in a position to confirm the completeness, genuineness or accuracy of such information and data.

Limited Liquidity of Investments. The Funds may invest in securities that are illiquid either because they are private investments in public securities (“PIPEs”) or they are private investments in private companies and, in either case, subject to transfer restrictions, or because they are thinly traded or otherwise. The Funds may not be able to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of determining Investors’ partnership percentages and determining net profits and net losses may differ substantially from the value the Funds are ultimately able to realize.

Control Position. Although Potrero does not do so as a normal investment technique, the Funds may obtain a control position or other substantial position in any public company. Should the Funds obtain such a position, it may be required to make filings with the SEC and it may become subject to other regulatory restrictions that could limit the ability of the Funds to dispose of their holdings at the times and in the manner the Funds would prefer. Violations of these regulatory requirements could subject the Funds to significant liabilities.

Risks Associated with Investment Techniques. Potrero may trade and invest in all types of securities, including common and preferred stocks, options, warrants, bonds, notes, bills, rights and derivatives.

- *Short Sales.* Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in the inability of the Funds to cover the short position, and of theoretically unlimited potential for loss to the Fund’s account.
- *Availability of and Ability to Acquire Suitable Investments.* While Potrero believes that many attractive investments of the type in which the Funds may invest are currently available and can be identified, there can be no assurance that such

investments will be available or that available investments will meet the Fund's investment criteria. Furthermore, Potrero may be unable to find a sufficient number of attractive investment opportunities to meet its investment objective.

- *Leverage.* The use of margin and other leverage is not expected to be a material component of Potrero's investment strategy. However, the Funds may borrow from banks and other financial institutions in order to employ investment leverage. The Funds may engage in other investment strategies (such as options and derivatives) that may result in leveraging the assets of the Fund and may do so from time to time. Loans may be secured by assets of the Funds pledged to lenders. Leveraging by means of borrowing will exaggerate the effect of any increase or decrease in the value of the assets of the Funds, and money borrowed will be subject to interest and other costs (which may include commitment fees and/or the cost of maintaining minimum average balances), which may or may not exceed the income received from the instruments purchased with borrowed funds. Similarly, certain investment strategies involving the use of derivatives may have the effect of creating a leveraged transaction. Leverage will significantly increase the risk of an investment in the Funds, but it also offers the potential for higher returns.
- *Options and Warrants.* The Funds may buy and sell put and call options or warrants on common stocks and stock indices. Although successful trading in options contracts and warrants requires many of the same skills required for successful securities trading, the risks involved are somewhat different. For example, if the Funds were to write a covered call option, the Funds would give up the opportunity, while the option is in effect, to realize gain from any price increase (above the option exercise price) in the underlying security. In addition, the Funds' ability to sell the underlying security is limited while the option is in effect unless the Funds effect a closing purchase transaction. The purchase of an option or warrant runs the risk of losing the entire investment, thereby causing significant losses to the account in a relatively short period of time.
- *High Brokerage and other Transactional Expenses.* The Funds' activities may at times involve a high level of trading (including significant short-term trades) resulting in very high portfolio turnover that may generate substantial transaction costs. These costs will be borne by the Funds regardless of its profitability. The expenses of the Funds may be greater than the total fees charged in other comparable investment vehicles.
- *Non-U.S. Securities – Depository Receipts.* The Funds may invest in U.S. dollar-denominated American Depository Receipts and other similar types of Depository Receipts that represent ownership interests in non-U.S. companies and that are listed on a U.S. securities exchange or that are traded in the U.S. over-the-counter market. Investments in securities of non-U.S. issuers and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including the risks of currency blockage, devaluation and

non-exchangeability), as well as a range of other potential risks which could include, depending on the country involved, expropriation, nationalization, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S., and there is generally less government supervision and regulation of non-U.S. exchanges, brokers and issuers than there is in the U.S. The Funds might have greater difficulty or expense taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures, which in some markets have at times failed significantly to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.

- *Currency Fluctuation.* Potrero currently expects Funds' investments to be denominated in U.S. dollars. If the Funds invest in securities denominated in other currencies, there will be currency risk to the extent that there are unhedged fluctuations in the foreign exchange rates.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with Potrero. Prospective Investors should read the entire Brochure, including the potential conflicts of interest described in Item 11 as well the Funds' Constituent Documents and other materials that may be provided by Potrero and consult with their own advisers before deciding to invest with Potrero.

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 your evaluation of Potrero or the integrity of Potrero's management. Potrero has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Potrero is the general partner and investment adviser of the Domestic Funds. Potrero is the investment adviser to the Cayman Fund. The Funds are offering Interests in the Funds to certain qualified investors, as described more fully in response to Item 7, above. As the sponsor/investment manager of the Funds, the Adviser receives management and performance fees or allocations from these Funds which creates a conflict of interest. All fees will be disclosed to the investors in advance of their investment in a Fund.

Neither Potrero nor its management persons are registered as a broker-dealer or broker-dealer representative, futures commission merchant, commodity pool operator, or a commodity trading advisor.

Potrero does not recommend or select other investment advisers for Clients.

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

Code of Ethics.

Potrero has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director and employee of Potrero (collectively, “Employees”). Potrero holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Client, Potrero strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Managing Member.

Potrero will provide a full copy of the Code upon request. A request may be made by calling Jack R. Ripsteen at 415-576-1104 or at jack@pcapresearch.com.

Personal Trading.

In accordance with the Code, Potrero requires that all personal investment transactions be carried out in a manner that will not endanger the interest of the Client or create any apparent or actual conflict of interest between Potrero and the Employee, on the one hand, and the Client, on the other hand. The principal of Potrero, Jack R. Ripsteen does not engage in personal trading. Other Employees of Potrero may trade positions existing in their account prior to joining Potrero but may trade in any securities held by the Funds or contemplated for the Funds by Potrero. It is Potrero’s policy not to permit Employees to trade in a way that takes advantage of price movements caused by Funds’ transactions. Personal security transactions must be placed after all trades for the Clients and the Funds are completed at a given price level. Typically, an Employee may not buy or sell a security

for a personal account until two days after orders for Clients and the Funds have been filled and there is no buying or selling program in progress.

Prior to trading in their personal account, Employees are required to 1) confirm that such Employee is not in receipt of any material nonpublic information, 2) seek pre-approval of the trade from the Chief Compliance Officer, and 3) execute all personal account trades by the end of the trading day on the day approval is given.

In order to monitor compliance with its personal trading policy, Potrero has adopted a reporting system for all of its Employees. Each Employee must submit a complete statement of all personal accounts; authorize duplicate trade confirmations and submit quarterly account statements of all personal accounts.

Conflicts of Interest.

Potrero is accountable to its Clients as a fiduciary and, consequently, must exercise good faith and integrity in handling the businesses of the Funds. Nevertheless, in the conduct of that business, conflicts may arise among the interests of Potrero and those of the Funds. To mitigate any such conflicts, Potrero will take appropriate measures to assure that it will not unfairly profit from any transaction between it and the Funds. Potrero will seek to apportion or allocate business opportunities among persons or entities to or with which it or its affiliates have fiduciary duties and other relationships on a basis that is fair and equitable to the maximum possible extent to each of such persons or entities.

Competing Time Pressures. If in the future Potrero elects to sponsor, manage or participate in other securities investment activities, the other activities of Potrero create conflicts of interest with the Funds over the time devoted to advising the Funds.

Conflicting Fiduciary Duties and Allocating Investment Opportunity. The interests of the Funds in the selection, allocation, negotiation and administration of investments may conflict, and Potrero will be subject to conflicting demands on its time and attention. An Investor, which includes Potrero, or an Investor's affiliates may make an investment, whether or not in competition with the Fund's or in a manner that would limit or eliminate the Fund's opportunity to make the investment, without any accountability to the Fund's or any other Investor. Potrero will attempt to resolve all such conflicts in a manner that is fair to all such interests.

Access to Non-Public Information. Potrero, in the course of its investment advisory business (including discussions it may have with Investors who may be insiders with respect to certain companies), may have access to non-public information on publicly traded companies. For this reason and other reasons, there may be situations where the Funds are prohibited from making a particular investment or from trading an existing position.

Soft-Dollars. Potrero may be offered non-monetary benefits or "soft dollars" by brokers to induce Potrero to engage those brokers to execute securities transactions on behalf of the Funds. Although Potrero does not currently use soft dollars, it may do in the future. These

soft dollars may take the form of research and other services regarding securities investments and may be available for use by Potrero or its affiliates in connection with transactions in which the Funds do not participate. Brokers may also solicit or refer investors to invest in the Funds. The availability of these benefits may influence Potrero to select one broker rather than another to perform services for the Funds and represents a conflict of interest between Potrero and the Funds. Nevertheless, if Potrero decides to use soft dollars, Potrero intends to use its reasonable efforts to assure either that the fees and costs for services or products provided to the Funds by such brokers are no greater than they would be if the services were performed by equally capable brokers not offering such services or that the Funds also will benefit from the services or products, as described fully in response to Item 12.

Relationships with Affiliates. From time to time, Potrero may accept as Investors in the Funds certain affiliated entities, including other private investment vehicles of which Potrero is a general partner or investment adviser.

Payments to Potrero and its Affiliates. Payments of fees, withdrawn capital, expense reimbursements and other items payable to Potrero or its affiliates present conflicts of interests between Potrero and the Funds because of Potrero's authority. Potrero and the Funds have entered into a disbursement agreement with an independent third party to verify the payments covered by such conflicts of interest. Potrero will not maintain physical possession of funds or securities of the Fund.

Cross Transactions. In the future, Potrero may seek to adjust or rebalance client investment accounts by effecting cross trades between or among client accounts unless prohibited or restricted by applicable law (e.g., ERISA) or by the Clients' account agreements. In effecting such cross-trades, Potrero will seek to reduce the transaction costs to its clients of such account adjustments. All such cross-trades will be consistent with the investment objectives and policies of each client account involved in the trades and will be effected at a current independent market price of the securities involved in the trades. Potrero does not receive any special compensation for effecting these transactions.

The foregoing description of conflicts of interest does not purport to be a complete list of potential conflicts. Other present and future activities of Potrero and its affiliates may give rise to additional conflicts of interest. If a conflict of interest arises, Potrero will attempt to resolve such conflicts in a fair and equitable manner.

Item 12 – Brokerage Practices

Selection of Brokers.

In selecting brokers to effect portfolio transactions, Potrero is not required to consider any particular criteria. For the most part, Potrero will seek the best combination of brokerage expenses and execution quality, but Potrero is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating "execution quality," historical net

prices (after markups, markdowns or other transaction-related compensation) on other transactions will be a principal factor, but other factors will also be relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

Soft Dollars.

In addition to execution quality, Potrero may consider the value of various products and services a broker-dealer may provide. Selecting a broker-dealer in recognition or services or products other than simply transaction execution is known as paying for those services and products with "soft dollars." Because many of those services could benefit Potrero, Potrero may have a conflict of interest in allocating the Funds' brokerage business. Potrero does not currently participate in soft dollar arrangements but may do so in the future for items that are within Section 28(e) as described below. If in the future Potrero obtains "soft-dollar" benefits, this Brochure will be appropriately amended.

Under Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"), Potrero's use of the Funds' commission dollars to acquire "research" products and services is not a breach of Potrero's fiduciary duty to the Client – even if the brokerage commissions paid are higher than the lowest available so long as (among certain other requirements) Potrero determines that the commissions are reasonable compensation for both the brokerage services and the "research" acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to Potrero in making investment decisions for its Client. The types of "research" Potrero may in the future acquire include: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news, pricing and order-entry services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance Potrero's investment decision making. The Section 28(e) "safe harbor" would apply to the use of the Funds' soft dollars even when the "research" acquired is used in making investment decisions for clients other than the Funds. The safe harbor is not available where transactions are effected on a principal basis (except for certain "riskless principal" transactions in NASDAQ equity securities and any other similar transactions that may in the future qualify pursuant to regulatory actions or interpretations), with a markup or markdown paid to the broker-dealer. And it is not available for the services or products that do not constitute "research."

A broker from which Potrero obtains soft dollar services generally establishes "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases, the process

is less formal, and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. Potrero monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

When Potrero uses the Funds' brokerage commissions to obtain soft dollar items, it receives a benefit because it does not have to produce or pay for such soft-dollar items. However, Potrero believes that such soft dollar items may provide the Funds with benefits by supplementing the research and services otherwise available to the Funds.

Potrero may have an incentive to select or recommend a broker-dealer based on its interest in receiving the soft-dollar items, rather than on the Client's interest in receiving most favorable execution. Potrero periodically reviews the execution performance of its brokers to ensure that any potential conflicts of interests are resolved.

To the extent that Potrero does engage in such soft dollar arrangements, the Funds may pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction if Potrero determines in good faith that such commission is reasonable in relation to the value of the brokerage, research, other services and soft dollar relationships provided by that broker, viewed in terms of either the specific transaction or Potrero's overall responsibilities to the portfolios over which Potrero exercises investment authority.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of Potrero's and its affiliates' other accounts. Soft dollar items are not limited to those Clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. Potrero may receive soft dollar credits based on principal, as well as agency, securities transactions with brokerage firms.

A broker from which Potrero obtains soft dollar services generally establishes "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases, the process is less formal, and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. Potrero monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

Potrero does not select or recommend broker-dealers, and thus does not consider client referrals from a broker-dealer. Potrero may receive referrals in the future and if it does it will appropriately amend this Brochure.

Prime Brokerage.

Potrero obtains custodial, clearing, settlement and related services on behalf of the Fund through what is known as a “prime brokerage” arrangement, under which a single brokerage firm provides the Funds with brokerage services (the “Prime Broker”). As discussed above, a substantial amount of the brokerage of the Fund may be effected through the Prime Broker. Through this arrangement, the Prime Broker will provide certain recordkeeping services and perform the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed, and lent; (2) make and receive payments for securities; (3) maintain custody of cash and securities; (4) deliver cash to the Fund’s bank accounts; and (5) tender securities in connection with tender offers, exchange offers, mergers, or other corporate reorganization. Potrero may also cause the Fund to pay for custodial and related services either in cash or by allocating a portion of their securities transactions to the Prime Broker.

Aggregation of Orders.

Potrero may, in its sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for client accounts with purchases or sales, as the case may be, of the same security, instrument or obligation effected on the same day for the accounts of one or more of Potrero’s other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Potrero believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each Client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction shall be shared on a pro rata basis among all accounts participating in such aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Potrero reserves the right, in its sole discretion, to change custodians or add prime brokers without notice to the Funds or Investors.

Item 13 – Review of Accounts

Fund and Client accounts are generally reviewed daily by Mr. Ripsteen. Account reviews focus on each account's strategy and evaluate all securities using fundamental and technical analysis. Reviews may take place more frequently if triggered by economic, market, or political conditions.

Potrero will provide quarterly unaudited reports to the Funds and Investors in the Funds which discuss general account performance. Potrero will also provide Investors in the Funds with an annual report, containing financial statements and a statement of each Investor's capital account as of the end of each fiscal year. Reports provided to the Funds and Investors are in written form.

SMA Client generally receive written quarterly and annual reports from the custodian.

Item 14 – Client Referrals and Other Compensation

Potrero does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Clients.

Potrero has historically employed solicitors to whom it paid cash, or a portion of the advisory fees paid by Investors referred to it by those solicitors. In such cases, this practice is disclosed in writing to the Funds and Investors and Potrero will comply with the other applicable requirements of Rule 206(4)-3 under the Advisers Act of 1940. To address potential conflicts of interest, Potrero generally requires any solicitors to provide details, or Potrero provides details, of any referral fees relating to a particular potential Investor to that Investor at the time of any solicitation activities. Potrero does not currently employ solicitors at this point in time, however Potrero is continuing to fulfill any contractual obligations to make payments to the solicitors for any Investors described in this paragraph.

Item 15 – Custody

Rule 206(4)-2 promulgated under the Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. Potrero, as the general partner of the Funds, is considered to have “custody” of the Funds’ assets, even though independent custodians (Prime Brokers) actually hold those assets. The Custody Rule generally requires investment advisers that have “custody” of Client assets to cause certain account statements detailing holdings and transactions to be sent to Clients and imposes certain other obligations. However, advisers to investment funds like the Funds need not comply with those requirements if, the adviser follows safeguarding procedures. Potrero follows the safeguarding procedures by ensuring each Fund (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days of its fiscal year-end.

Item 16 – Investment Discretion

Potrero will have discretionary authority to make the following determinations without obtaining the consent of the Funds before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers through which securities are to be bought or sold; and
- the commission rates at which securities transactions for client accounts.

Pursuant to the Funds' governing documents, each Investor designates Potrero as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Fund's business and affairs.

Potrero's discretionary authority over an SMA account would be determined by the terms of the SMA agreement.

Item 17 – Voting Client Securities

Potrero has adopted proxy voting policies and procedures. The policies require Potrero to vote proxies received in a manner consistent with the best interests of the Client.

The policies also require Potrero to vote proxies in a prudent and diligent manner intended to enhance the economic value of the assets of the Client. However, the policies permit Potrero to abstain from voting proxies in the event that the Client's economic interest in the matter being voted upon is limited relative to the Client's overall portfolio or the impact of the Client's vote will not have an effect on its outcome or on the Client's economic interests.

Certain of Potrero's proxy voting guidelines are summarized below:

- Potrero votes for: uncontested director nominees recommended by management; the election of auditors recommended by management, unless a dispute exists over policies; limiting directors' liability; and eliminating preemptive rights.
- Potrero votes against proposals to: entrench the board or adopt anti-takeover measures; proposals to provide cumulative voting rights; and social issues.

Although many proxy proposals can be voted in accordance with Potrero's proxy voting guidelines, some proposals will require special consideration, and Potrero will make a decision on a case-by-case basis in these situations, including proposals to: eliminate director mandatory retirement policies; rotate annual meeting locations and dates; grant options and stock to management and directors; and indemnify directors and/or officers.

Where a proxy proposal raises a material conflict between Potrero's interests and the interests of the Client, Potrero will seek to resolve the conflict.

Potrero will provide, upon request, a copy of proxy voting policies and procedures and/or information concerning its voting record on account proxy matters. Such a request may be made by calling Jack R. Ripsteen at 415-576-1104 or at jack@pcapresearch.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide Investors with certain financial information or disclosures about Potrero’s financial condition. Potrero has no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to its Client.