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# **13D Management LLC**

## **Form ADV Part 2A: Client Brochure**

March 31, 2023

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This brochure provides information about the qualifications and business practices of 13D Management LLC. If you have any questions about the contents of this brochure, please contact us at 212-223-2282 or [info@13dmanagement.com](mailto:info@13dmanagement.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.

Additional information about 13D Management LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

13D Management LLC has registered its business with state and federal regulatory authorities, including the SEC (SEC number is 801-72869). Registration does not imply a certain level of skill or training.

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## **Item 2. Material Changes**

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This brochure for 13D Management LLC (the “Adviser” or “13D”) is dated March 31, 2023. This brochure will be updated at least annually and on an interim basis as needed to clarify the descriptions of its business practices and policies and procedures. There have been no material changes to this brochure since the Adviser’s annual Form ADV filing on March 31, 2022. Please be aware that other nonmaterial changes have been included in this brochure.

If you would like another copy of this brochure, please download it from the SEC website as indicated above or contact 13D Management LLC at 212-223-2282 or [info@13dmanagement.com](mailto:info@13dmanagement.com).

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## **Item 4. Advisory Business**

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### **General Description of the Adviser**

The Adviser is a New York limited liability company registered as an investment adviser with the SEC. For purposes of this brochure, the “Adviser” or “13D” includes (where the context permits) any affiliated general partner and other affiliates that provides advisory services to and/or receives advisory fees from the 13D Funds (as defined below). Such affiliates may or may not be under common control with 13D but possess a substantial identity of personnel and/or equity owners with 13D. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of a fund or may serve as general partners of a fund.

The Adviser provides investment advisory services on a discretionary basis to investment vehicles through its specialization in a non-diversified domestic, long-only equity strategy that focuses on shareholder activism. The Adviser’s flagship fund, the 13D Activist Fund (the “40 Act Fund”), was founded in 2011 as an open-end investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). 13D also provides investment management services to privately offered commingled investment funds intended for sophisticated investors and institutional investors which are exempt from registration under the 1940 Act and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), (the “Private Funds” and together with the 40 Act Fund, the “13D Funds”).

In providing investment advisory services, the Adviser’s objective is to achieve capital appreciation by investing primarily in common stocks of U.S. companies of any market capitalization that are the target of shareholder activism. The Adviser defines an activist situation as one where an investor holds more than 5% of a company’s equity shares and either (A) has a history of activist investing and/or (B) has a publicly disclosed catalyst for change such as seeking Board seats, improving operations and/or corporate governance practices, approving a merger, spinning-off an operating division or selling a significant amount of company assets (such an investor being referred to herein as an “activist”).

This brochure, including any brochure supplement, is intended for 13D’s direct advisory clients. Investors in 13D Funds (“Investors”) are not deemed to be 13D clients but are entitled to certain rights and benefits under in the applicable Private Placement Memorandum, Limited Partnership Agreement, Investment Management Agreement, Registration Statement, Offering Documents, or other applicable constituent fund documents (the “Client Constituent Documents”), and may therefore refer to this brochure, or any other brochure supplement, for informational purposes only.

Additional information about 13D’s products, structure and directors is available online at [www.13dmanagement.com](http://www.13dmanagement.com) and is provided on Part 1 of the Adviser’s Form ADV which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The principal owner of the Adviser and portfolio manager of the 13D Funds is Kenneth Squire (“Managing Member”). Mr. Squire founded 13D in 2011. Mr. Squire is also the founder and principal of Investor Communications Network LLC, which operates 13D Monitor, an institutional research firm specializing in corporate governance and shareholder activism. Mr. Squire is CNBC’s On-Air Contributor for Shareholder Activism, and his Activist Spotlight column can be read on CNBC.com. The Activist Spotlight was featured weekly in Barron’s from 2007 to 2020. In 2010, Squire created the annual Active-Passive Investor Summit, to bring the activist and passive investment worlds together to discuss topics in corporate governance. Prior to founding 13D Monitor in 2006, Mr. Squire was a private equity investor as a principal of LSC Investors and Crown Capital Group, where he worked on various investments in public and private companies, starting in 1997. Previously, Mr. Squire was an associate in the Corporate and Securities Department at Weil, Gotshal & Manges, LLP in their New York law office from 1992 to 1997. Mr. Squire holds a B.S. with a concentration in finance from New York University’s Stern School

and a J.D. from New York University School of Law where he was an editor of NYU Law Review.

As of December 31, 2022, the Adviser managed approximately \$201,000,000 of regulatory assets under management all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

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13D Funds are typically charged an annual management fee based on a percentage of value of the net assets we manage and according to the current fee schedule of the investment strategy in which they are invested. Actual fees, minimum fees and minimum accounts sizes may vary depending on the circumstances of the particular client, or different levels of servicing as otherwise agreed upon with specific clients. Prospective and current investors should review the fees and compensation information presented in this brochure along with the applicable Client Constituent Documents.

### ***Asset-Based Compensation***

#### ***40 Act Fund***

13D serves as the investment adviser to the 13D Activist Fund, a registered investment company and a series of Northern Lights Fund Trust (the “Trust”). The Adviser currently receives a monthly advisory fee payment from the 40 Act Fund that is equivalent to a fixed annualized percentage of 1.50% based on the 40 Act Fund’s average daily net assets basis. This is a unitary fee structure whereby the Adviser pays the 40 Act Fund’s ordinary operating expenses, including fees payable to other service providers of the 40 Act Fund out of the asset-based advisory fees it receives from the 40 Act Fund. Advisory fees are reviewed by the Board of Trustees of the Trust on an annual basis. Shares of the 40 Act Fund are offered by means of a written prospectus that describes the advisory fees and expenses paid by the 40 Act Fund in more detail.

#### ***Private Funds***

13D Private Funds are typically charged an annual management fee, calculated based on net asset value of the Fund and payable monthly in arrears. The precise amount of, and the manner and calculation of, the management fees paid to the Adviser is described in each Private Fund’s Client Constituent Documents.

The Adviser withdraws management fees, performance-based compensation and other fees and expenses directly from the Private Funds’ assets by notice to the custodian. Management fees, performance-based compensation and other fees and expenses described in this brochure are generally subject to modification, waiver, or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Private Fund. Fees may differ from one Private Fund to another (or for certain investors therein, as applicable). Please refer to Item 6 of this brochure for information regarding performance-based compensation that Private Funds may pay.

Employees, business associates and other friends and family of the Adviser or its personnel (“Adviser Investors”) will not typically pay management fees or performance-based compensation in connection with their investment in a Private Fund. Adviser Investors will pay their pro rata share of certain Private Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the general partner of the applicable Private Fund.

### **Other Fees and Expenses**

#### ***Adviser Expenses***

To the extent provided in the Client Constituent Documents, the Adviser will bear certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, compensation and expenses of its partners, officers and employees and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

### *Fund Expenses*

The Adviser will incur all fees and expenses in the course of evaluating and making investments that are effectuated for a 13D Fund in accordance with the relevant Fund's Client Constituent Documents with the exception of taxes, borrowing expenses, brokerage commissions, fees and expenses of other investment companies in which a Funds invests and extraordinary expenses. 13D Private Funds may also be subject to other investment and operating expenses and certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to such fund as set forth in and in compliance with the Client Constituent Documents.

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be (a) borne by a particular Fund, (b) borne by the Adviser and/or (c) allocated between or among Funds and/or other parties. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Funds, the Adviser will make any allocation determination on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit obtained by the Fund from the service received.

The Adviser reserves the right to manage other accounts side-by-side with the 40 Act Fund and Private Funds for third parties at any time. These additional account(s) may be charged a fixed advisory fee and/or a performance-based fee and may cause the Adviser and/or the funds to pay additional expenses as warranted.

Please refer to Item 12 of this brochure for information related to brokerage and trading costs.

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

The Adviser may receive performance-based compensation from the Private Funds it manages. Subject to relevant thresholds within the Private Funds' Client Constituent Documents, a portion of the profits of each Private Fund is allocated to the capital account of its general partner, if any as carried interest. Each general partner of a Private Fund is a related person of the Adviser (refer to Item 10 of this brochure for additional information on the General Partner). Carried interest paid to a general partner is indirectly borne by the investors in the Private Fund. The 40 Act Fund does not pay any performance-based compensation or Carried Interest. As a result of the differences in fee structure, a potential conflict of interest exists where the Adviser may be incentivized to allocate investment opportunities to the Private Funds that are subject to performance compensation.

The Adviser has adopted and implemented allocation policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple accounts. The Adviser will allocate all investment opportunities among 13D Funds in a fair and equitable manner. Further mitigating this risk is the fact that the Adviser currently operates one investment strategy and intends for each 13D Funds' portfolio holdings to mirror the other. The Adviser monitors exposure to each underlying security within the portfolios, trade allocations, and performance dispersion to ensure that no 13D Fund is favored over another for any reason, including fee structure. In accordance with its allocation policies and procedures and consistent with its fiduciary duties, the Adviser will allocate investment opportunities among 13D Funds based upon several factors which may include, but are not limited to, (i) investment objective and guidelines; (ii) risk tolerance; (iii) liquidity; and (iv) availability of other investment opportunities. Situations could occur where the Adviser may need to exercise investment decisions to comply with certain regulatory guidelines, in which case the Adviser's allocation of investment activities occasionally may differ.



## **Item 7. Types of Clients**

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The Adviser currently provides investment advice to the 40 Act Fund and the Private Funds. Investment advice is provided directly to each 13D Fund (subject to the direction and control of the general partner of the relevant Private Fund, if applicable) and not individually to investors in such Fund. The 13D Funds employ the same investment objective, which is a non-diversified, long-only equity strategy that focuses on shareholder activism.

The 40 Act Fund offers three different share classes, which may have minimum investment requirements and additional fees. Details concerning applicable suitability criteria for investors in the 40 Act Fund are set forth in the Fund's prospectus and subscription documents. Financial intermediaries who offer shares of the 40 Act Fund may offer such shares subject to additional shareholder qualification requirements and minimum investment amounts.

The Adviser does not have a minimum threshold for assets under management for the Private Funds but may establish minimum investment commitments for investors. All investors in the Private Funds must be an "accredited investor" as defined in Regulation D under the Securities Act, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act.

Initial investment commitments and additional subscription minimums, if any, are disclosed in the Client Constituent Documents. The Adviser or general partner (as applicable) of each 13D Fund may in its sole discretion waive, reduce, or modify such subscription minimums, subject to certain limitations in accordance with applicable law or regulation.

The Adviser reserves the right to manage other accounts side-by-side for third parties at any time.

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

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### **Investment in Shareholder Activism – Overall Investment Methodology**

The Adviser implements a single investment strategy which focuses on shareholder activism. The Adviser seeks to achieve the 13D Funds' investment objective of capital appreciation by investing primarily in common stocks of U.S. companies of any market capitalization that are the target of shareholder activism. The Adviser defines an activist situation as one where an investor holds more than 5% of a company's equity shares and either (A) has a history of activist investing and/or (B) has a publicly disclosed catalyst for change such as seeking Board seats, improving operations and/or corporate governance practices, approving a merger, spinning-off an operating division or selling a significant amount of company assets (such investor being referred to herein as an "activist"). The Adviser derives its activist information primarily from SEC mandated filings known as 13D filings. Rules adopted under the Securities Exchange Act of 1934 require that when a person or group acquires more than 5% of a company's equity shares to file a form with the SEC known as a Schedule 13D that discloses, among other things, the investor's identity and its intent to influence management.

The Adviser reviews all material activist situations and makes investment decisions based on its analysis of the potential activist catalyst, knowledge of the activist investor involved, the industry, the shareholder base, the activist's strategy and the Adviser's determination of the chance of success and potential impact on share price.

Environmental, social and governance ("ESG") is a central part of the Adviser's investment process. The Adviser screens 13D filings (approximately 1,500 per year) and 13D filing amendments (approximately 4,000 per year) and selects situations where the shareholder will be improving or participating in corporate governance or otherwise influencing management. Accordingly, at least 75% of the Funds' portfolio positions will have a shareholder representative on the board of directors who advocates for best-in-class corporate governance practices and a shareholder focused mentality. The Adviser does not only screen for companies with good corporate governance, because it believes there is more of a social benefit in identifying poor corporate governance companies and supporting a transition to good corporate governance. Implementing best corporate governance can range from completely changing corporate culture to replacing entrenched, conflicted, and self-dealing management teams. It is the Adviser's experience that the governance element also leads to environmental and social improvements in the business practices of Funds' portfolio companies. Every portfolio position contains an engaged investor, and most contain a shareholder representative on the board. The Adviser believes these individuals are in a unique position to not only create economic value but also drive positive ESG improvement; and the Adviser is in a position to communicate its ESG thesis, comments and ideas to these individuals. The Adviser refers to this as Active ESG ("AESG")<sup>1</sup>.

### **Risk Considerations**

Investing in any 13D Fund includes the risk of loss, and there can be no guarantee that the Adviser's investment strategy will be successful. Prospective and existing investors should understand that some, or all, of an investment in a Fund could be lost and should be prepared to bear the risk of such potential losses. The following is a summary description of the principal risks of investing in the Funds.

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<sup>1</sup> **Active ESG** (or AESG) investors are investors who actively engage with portfolio companies to induce change to better the environment, social aspects and/or governance.

**Conflicts of Interest Risk:** The principal owner of the Adviser also operates 13D Monitor, an institutional research firm which is under common control of the Adviser. 13D Monitor provides research reports on 13D filings to the Adviser and other third-party subscribers. 13D Monitor is not an investment adviser and the information contained in the reports is not organized or presented in a manner that suggests or recommends the holding, purchase, or sale of any security. While securities of companies described in the reports may be eligible for a 13D Fund, the reports do not indicate whether or not securities of such companies will be bought or sold for a 13D Fund. In addition, subscribers do not receive nonpublic information regarding holdings of any portfolio managed by the Adviser. Subscribers may make their own investment decisions using information contained in 13D Monitor reports. If subscribers buy or sell securities that are described in the reports, this could negatively impact the price of securities bought or sold by the Fund. Please refer to Item 10, Other Financial Industry Activities and Affiliations, for additional information.

**Management Risk:** The Adviser's dependence on its activist strategy and objective judgements about the attractiveness, value, and potential appreciation of securities in which the Funds invest may prove to be incorrect. There is no guarantee that the Adviser's investment strategy will produce the desired results.

**Market Uncertainty Risk:** The increasing interconnectivity between global systems, economies and financial markets increases the likelihood that events that occur in one country, region or financial market may adversely impact issuers in other countries, region, or markets. Significant shocks to or disruptions of the financial markets, including those caused by epidemics and pandemics, economic, natural, and man-made disasters, government action, or significant geopolitical events, occur from time to time, and will likely continue to occur. Such events create uncertainty and have significant impacts on financial markets, exchanges, issuers, industries, governments, counterparties, service providers and other systems to which Clients are exposed and could have a significant adverse impact on the value and risk profile of the Funds. For example, in early 2020, the outbreak of COVID-19 and efforts to contain its spread have negatively affected, and may continue to negatively affect, the global economy, the economies of individual countries, and the financial performance of individual issuers, sectors, industries, asset classes, and markets in significant and unforeseen ways. The COVID-19 pandemic also resulted in significant market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, and economic downturns and recessions, and may continue to have similar effects in the future. In addition, actions taken by government and quasi-governmental authorities and regulators throughout the world in response to the COVID-19 pandemic, including significant fiscal and monetary policy changes, may affect the value, volatility, and liquidity of some securities and other assets. The foregoing could impair the Funds' ability to maintain operational standards, disrupt the operations of the Fund's service providers, adversely affect the value and liquidity of the Funds' investments, and negatively impact the Funds' performance. It is not known how long such impacts, or any future impacts of other significant events, will or would last, but there could be a prolonged period of global economic slowdown, which may adversely impact your investment.

**Non-Diversification Risk.** 13D Fund assets may not be diversified. Any such non-diversification would increase the risk of loss to a 13D Fund if there was a decline in the market value of any security or sector in which a Fund had invested a large percentage of its assets. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.

**Equity Securities Risk:** Common and preferred stocks represent equity ownership in a company. Stock markets are volatile. The prices of equity securities will fluctuate and can decline and reduce the value of a portfolio investing in equities. The value of equity securities purchased by a 13D Fund could decline if the financial condition of the companies a 13D Fund invests decline or if overall market and economic conditions deteriorate. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry. In addition, they may decline due to general market conditions that are not specifically related to a company

or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

Small and Medium Capitalization Stock Risk. The Adviser may invest 13D Fund assets in companies of all sizes, and a portion of the Funds' assets may be invested in securities of companies with small to medium-sized market capitalizations, including growth stage companies. The value of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies or the broader equity market. These companies may have narrower markets, limited product lines, fewer financial resources, and may be dependent on a limited management group, investing in these involves greater risk of volatility than is customarily associated with larger, more established companies. Often smaller and medium capitalization companies and the industries in which they are focused are still evolving and, while this may offer better growth potential than larger, more established companies, it also may make them more sensitive to changing market conditions.

Regulatory Risk: Legal, tax, and regulatory developments may adversely affect the 13D Funds. Securities and derivatives markets are subject to comprehensive statutes, regulations, and margin requirements enforced by the SEC, the CFTC, other regulators and self-regulatory organizations, and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulatory environment is evolving, and changes in the regulation of investment funds, registered investment advisors, and their trading activities and capital markets, or a regulator's disagreement with a fund's interpretation of the application of certain regulations, may adversely affect the ability of a fund to pursue its investment strategy. Investors should understand that the 13D Funds' business is dynamic and is expected to change over time. Therefore, the 13D Funds may be subject to new or additional regulatory constraints in the future. This brochure cannot address or anticipate every possible current or future regulation that may affect the Funds, the Adviser or the businesses of each. Such regulations may have a significant impact on investors or the operations of the 13D Funds.

*ESG Risk:* In seeking investor returns, the Adviser's consideration of certain ESG factors in managing 13D Fund assets subjects it to a variety of risks, not all of which can be foreseen or quantified. When evaluating potential investment opportunities, in addition to financial return, an investment's potential to achieve a positive social or environmental impact may be considered. Any determination about whether or not an investment has the potential to achieve a positive social or environmental impact will be made in the Adviser's sole discretion. The determination about what constitutes a positive social impact is inherently subjective, and what the Adviser considers to be socially beneficial may not necessarily reflect the views of all prospective and current investors. In addition, it is possible that the investments in which a 13D Fund invests are unable to obtain or realize the positive social or environmental impact that they seek to deliver.

Cybersecurity Risks. The computer systems, networks and devices used by the 13D Funds, the Adviser and its other service providers used to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches.. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact the operations of the Adviser and of service providers to the Adviser and the 13D Funds, potentially resulting in financial losses, delayed reporting of the net asset value of a 13D Fund; impediments to trading; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Although the Adviser has implemented various measures designed to seek to manage risks relating to these types of events, these systems could potentially be compromised, become inoperable for extended periods of time, or cease to function properly. The Adviser, 13D Funds and Investors could be negatively impacted in the event of a cybersecurity breach. Similar adverse consequences

could result from cybersecurity breaches affecting issuers of securities in which 13D Funds invest counterparties with which the 13D Funds engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators; banks, broker-dealers, insurance companies, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future.

## **Item 9. Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of its management. The Adviser has not been involved in any events of this nature.

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

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### **Research Business**

The Adviser is under common control with Investor Communications Network LLC (d/b/a, 13D Monitor and 13Dmonitor.com) (“13D Monitor”), an institutional research firm specializing in corporate governance and shareholder activism. 13D Monitor is not an investment adviser and the information contained in research reports is not organized or presented in a manner that suggests or recommends the holding, purchase, or sale of any security. Subscribers to 13D Monitor's research reports are a variety of organizations including, among others, investment banks, law firms, long/short hedge funds, institutional investors, activist hedge funds, investor relations companies and proxy solicitors and proxy advisory firms. Although the securities of companies described in the reports may be eligible for a 13D Fund, the reports do not indicate whether securities of such companies will be bought or sold for a 13D Fund. Subscribers do not receive nonpublic information regarding the holdings of any portfolio managed by the Adviser. Subscribers may make their own investment decisions using information contained in the reports. If subscribers buy or sell securities that are described in the reports, this could impact the price of securities bought or sold for the Funds. Further, the Adviser and 13D Monitor engage in a significant degree of resource and research sharing activities, including the sharing of certain 13D Monitor personnel and technology infrastructure with the Adviser.

While there are benefits to 13D Funds from resource and technology sharing, certain conflicts of interest may arise, including, the allocation of time of shared personnel to the Adviser's activities on behalf of the 13D Funds. Personnel of 13D Monitor dedicate substantial amounts of time and expertise to Adviser-related activities. It is also the case that certain of these research or technology collaborations are deployed for 13D Monitor but not on behalf of the 13D Funds. The Adviser recognizes the potential conflicts of interest associated with 13D Monitor and has adopted policies and procedures to seek to mitigate many of these potential conflicts. These resource and technology sharing activities are subject to a range of supervisory and compliance controls that seek to ensure that the activity is appropriately governed and performed in a manner consistent with the Adviser's regulatory obligations. There can be no guarantee, however, that such controls and oversight functions will fully mitigate the adverse impacts and effects to 13D Funds from these sharing activities.

### **Related General Partners**

THREEL LLC, a related person of the Adviser, serves as the general partner (“General Partner”) of 13D Activist Fund LP and may in the future serve other private funds managed by the Adviser.

### **Advisory Client**

The 40 Act Fund is subject to regulatory restrictions on transactions with certain affiliates, including the Adviser, General Partner and other 13D clients. For this reason, the Adviser may be limited in effecting certain transactions that might otherwise benefit a 13D Fund to the extent that such transactions fall under restrictions within the Investment Company Act. Situations may occur where the Adviser may consider participation in an investment opportunity where the Adviser does not intend to invest, or will invest on a limited basis, for all 13D Funds. The Adviser will evaluate a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate or feasible for a 13D Fund at a particular time, including the nature of the investment relative to the needs of the particular entity, the investment or regulatory limitations on the particular entity and the transaction costs involved. These considerations have the potential to differ across 13D Funds.

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

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The Adviser has adopted a Code of Ethics (the "Code") to set forth the ethical and professional standards required of the Adviser and is predicated on the principle that the Adviser owes a fiduciary duty to its clients. This Code is applicable to each all employees, officers, and directors of the Adviser (all of whom are considered "Access Persons" for the purpose of the Code) and is intended to govern Access Persons' activities and conduct on behalf of the Adviser and its clients.

The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients before their own personal interests; personal securities transactions must be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility and; employees must not take any inappropriate advantage of their positions. All of the Adviser's personnel are also required to comply with applicable federal securities laws.

The Adviser's Code contains provisions designed to ensure trading by the Adviser's Access Persons is conducted in a manner that does not adversely affect the Adviser's trading on behalf of its clients and (ii) is consistent with the fiduciary duties owed by the Adviser to the client. The Adviser's Code generally, among other things (i) require pre-clearance of personal trades in "reportable securities" (as defined in the Code) and certain other assets by the Adviser's Access Persons and "covered persons" (e.g., any such Access Person's spouse, immediate family members who share the same household, any person to whom an access person provides primary financial support, partnerships and corporations in which access persons maintain a certain level of beneficial interest, and any person with whom access persons share common financial support); (ii) prohibit certain trading by the Adviser's Access Persons and covered persons in single name securities in a self-directed trading account; (iii) prohibit certain trading by the Adviser's Access Persons and covered persons in securities of issuers currently held or anticipated to be held by a Fund or account; and (iv) require certain minimum holding periods. The Adviser's personal trading policies requires that Access Persons disclose all accounts that have the ability to hold securities and all holdings in reportable securities upon joining the Adviser and report their personal securities holdings and transactions to the Adviser on a periodic basis.

Potential and actual conflicts of interest may arise from the Adviser's personal trading policy. The Adviser has established policies and procedures to monitor personal trading, including strict pre-clearance requirements, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest. Conflicts may arise resulting from the investments that the Adviser, affiliates, or personnel may have in the Funds. The Adviser's policies and procedures attempt to mitigate such conflicts of interest. The Code also includes a policy statement on the prohibition of insider trading designed to prevent the misuse of material non-public information in connection with personal securities transactions.

The Adviser has also adopted policies and procedures regarding the receipt of gifts and entertainment by the Adviser's Access Persons from certain third parties (e.g., vendors, broker dealers, consultants, etc.). Specifically, these policies and procedures require Access Persons to report the receipt of gifts and entertainment in excess of pre-established de minimis thresholds. The Adviser reviews these reports for any potential conflicts of interest with respect to individual instances of gifts or entertainment, as well as patterns of the same over time, to seek to prevent Access Persons from placing their own interests ahead of the interest of clients.

The Code and the Adviser's compliance manual and other supplemental policies and procedures also address the following key areas: (i) recordkeeping; (ii) oversight of the Code; (iii) conflicts of interest; (iv) the treatment of confidential information; (v) compliance with SEC rules and regulations; (vi) reporting



misconduct; (vii) political contributions; and (viii) outside activities. Periodic training regarding the Code and the Adviser's other policies and procedures are provided to the Adviser's Access Persons.

Note that the foregoing summary of the Code is qualified in its entirety by the complete text of the Code. Investors may request a copy of the Code by calling (212) 223-2282 or by email to [info@13dmanagement.com](mailto:info@13dmanagement.com).

### **Cross and Principal Transactions**

While not currently anticipated in the ordinary course of business operations, the Adviser may engage in cross transactions on behalf of the 13D Funds, in accordance with the Client Constituent Documents and all applicable laws and regulations. Any purchases, sales, exchanges or transfers between the 13D Funds will be effected based upon the independent current market price or fair market value of the investment, will be effectuated in compliance with the Advisers Act, Rule 17a-7 under the Investment Company Act (where applicable) and will be subject to the approval of the CCO in accordance with the Adviser's policies and procedures.

The Adviser does not currently engage in agency cross transactions or in principal transactions. To the extent that 13D engages in an agency cross transaction, 13D will comply with the requirements of Section 206(3) of the Advisers Act and any other applicable rules and regulations. The Adviser may not enter into a principal transaction with an investment company for which it serves as an investment adviser.

## **Item 12. Brokerage Practices**

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The Adviser's selection of broker-dealers to effect securities transactions for clients are guided by the principal objective of seeking best execution. Best execution does not necessarily mean obtaining the lowest possible price. In negotiating commission and selecting broker-dealers to effect portfolio transactions, the Adviser will seek to obtain the best execution for its clients considering several factors, including but not limited to (i) financial stability and reputation of the broker-dealer, (ii) the ability to achieve prompt and reliable executions at favorable prices, and (iii) the operational efficiency with which transactions are effected by such broker-dealer. Subject to seeking best execution, the Adviser may consider other factors. Since commission rates are generally negotiable, selecting brokers based on considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

### **Research and Other Soft Dollar Benefits**

The Adviser does not purchase any investment research through the use brokerage commissions generated from 13D Fund transactions, nor does it use brokerage commissions to pay for any system or service used to manage 13D Fund assets. The Adviser may accept research from various brokers free of charge that may include broad market commentary and economic studies, invitations to attend conferences or discussions with industry consultants. The Adviser presently does not utilize "soft dollars" (i.e., consideration other than cash is exchanged for services) to pay for third-party brokerage services. If we engage in soft dollar transactions in the future, we intend to comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. Adviser does not have an affiliated broker-dealer entity.

### **Allocation and Aggregation of Investments**

The Adviser currently employs one investment strategy and as a result, 13D Funds generally participate in the same investment opportunities. The Adviser conducts trade orders for each opportunity on behalf of the 13D Funds using brokers from its approved broker-dealer list and seeks to execute trade orders in a fair, orderly, and equitable manner. The Adviser is not obligated to aggregate orders with the same broker-dealer for the 13D Funds and therefore trade orders for the same security may not be routed to the same broker on an aggregated (otherwise known as "blocked" or "bunched") basis. When trades are not aggregated, this creates the risk that one 13D Fund could incur higher transaction costs over another 13D Fund.

In making allocation decisions, the Adviser will consider factors such as the relative amounts of capital available to each 13D Fund, prior allocation decisions, and applicable tax and regulatory considerations and may, from time to time, exercise different investment decisions for 13D Funds. The 13D Funds are subject to different regulatory guidelines so there may be times when the Adviser needs to exercise different investments on behalf of the 13D Funds to maintain compliance with applicable rules and regulations. In addition, due to the different investor base of the Private Funds and 40 Act Fund, there are different tax sensitivities where if the Adviser may need to exercise different investments and will do so in an attempt to optimize tax positions for its clients.

### **Brokerage for Client Referrals**

The Adviser may execute purchase and sell orders for the Private Funds with a broker-dealer that provides 13D (or its affiliates) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or refers investors to Private Funds advised by 13D. Because such referrals, if any, could benefit 13D, 13D would have a conflict of interest with the Private Fund when allocating the Private Fund's brokerage business to a broker who has referred investors to the Private Fund.

To mitigate this potential conflict, and in accordance with its brokerage and best-execution policy, the Adviser will allocate brokerage business to a referring broker, if determined in good faith that the commissions payable to such broker is consistent with its obligation to seek best execution.

### **Directed Brokerage**

The Adviser maintains full discretion over the trading of securities for all 13D Funds and does not maintain any directed brokerage arrangements.

### **Trade Errors**

On occasion, errors occur with respect to trades executed on behalf of 13D Funds. The Adviser will use reasonable efforts to correct the error as soon as possible. In the case of a trade error committed by 13D, if 13D determines that 13D's, gross negligence, willful misconduct or fraud was the direct cause of a trade error, 13D will generally compensate 13D Funds for any losses resulting from such trade error. To the extent a trade error is caused by a counterparty, such as a broker-dealer, 13D will use reasonable efforts to recover any losses associated with such error from the counterparty. When a trade error occurs, the Adviser will seek to ensure that the 13D Fund is treated in a manner that is consistent with policies and procedures, applicable law and the fiduciary duties owed to the 13D Fund.

## **Item 13. Review of Accounts**

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### **Oversight and Monitoring**

The portfolio manager, together with the Risk Committee responsible for reviewing and monitoring all investments made for 13D Funds on a regular basis. Where applicable, these reviews include, but are not limited to, an assessment of (i) potential conflicts; (ii) market conditions; (iii) adherence to investment and regulatory guidelines; (iv) performance attribution; (v) performance deviation; and (vi) risk tolerance.

The Adviser utilizes various monitoring systems to check for the adherence to guidelines, restrictions, and other regulatory requirements as well as trading activities of the portfolios. Investment guideline compliance, both pre- and post-trade, monitored through the Adviser's trading, portfolio and compliance monitoring system, its compliance team, as well as additional reviews from third-party fund administrators.

Daily operational reconciliation and compliance reviews are performed for each Fund to ensure accurate cash, holdings, trading activity, pricing, and market values are recorded. There is also a process in place to review account performance to proactively identify and address any instances of potential performance deviations.

Each Fund's administrator is responsible for reconciliation of cash, investor activity, and investments as part of its independent determination of the net asset value for such Fund and produces the final capital and shareholder statements. Each 13D Fund's custodian reviews and reconciles the Fund's accounts on a daily basis.

The Adviser's CCO oversees cash reconciliation, which includes oversight of fundings, redemptions, expense payments, and other cash movements. The CCO also oversees the administrator's daily reconciliations of investment activity to monitor that trade executions are properly processed.

### **Fund Investor Reporting**

Investors in the 13D Funds typically receive, among other things (i) quarterly reports containing performance, portfolio-level exposure, and characteristics and (ii) quarterly market and performance commentary. All investors have access to semi-annual unaudited and annual audited financial statements for the 13D Fund in which they are invested. The Adviser may periodically produce other reports for prospective or existing investors upon request, but at all times follows the procedures for reporting as required by applicable law and as provided in the relevant Client's Constituent Documents.

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

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13D does not receive any economic benefits from non-clients for providing investment advice or other advisory services to the 13D Funds.

In accordance with applicable law, 13D may compensate third parties for investor referrals. For example, certain, non-affiliated, third-party consultants and financial intermediaries receive an ongoing fee from 13D in regard to the assets placed by such third-party for so long as the assets remain invested in a 13D Fund. In addition, the Adviser and/or the 40 Act Fund pay a distribution and/or service fee to certain authorized broker-dealers and financial intermediaries, as described in the 40 Act Fund's offering documents. All such arrangements are structured in compliance with the Investment Company Act and other applicable law.

## **Item 15. Custody**

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Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) defines custody as holding client securities or assets or having any authority to obtain possession of them. With respect to clients that are private investment funds, 13D has access to Fund assets for trading purposes and to pay expenses and, therefore, is deemed to have custody for purposes of the Custody Rule. The Adviser intends to comply with Rule 206(4)-2 under the Advisers Act, by meeting the conditions of the pooled investment vehicle annual audit provision. Accordingly, 13D provides all Investors with audited financial statements within 120 days of the relevant Fund’s fiscal year end, which satisfies the requirements of the Custody Rule. The Custody Rule generally does not apply to the 40 Act Fund.

The Adviser maintains the 13D Funds’ securities and other investments with qualified, independent custodian banks that satisfy the requirements of applicable law.

In connection with its fiduciary and oversight duties, the Adviser performs reconciliations of fund assets, including, assets held with a custodian bank to ensure ongoing cash and position accuracy for each account.

## **Item 16. Investment Discretion**

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The Adviser provides investment advisory services to all 13D Funds on a discretionary basis, pursuant to an investment management agreement and investment advisory agreement (as applicable). In connection with discretionary authority, the Adviser has the authority over investment decisions, including to buy, sell, exchange, convert, or otherwise trade in securities, and to execute orders for such securities with or through any distributor, issuer, or broker/dealer as the Adviser may select. The Adviser may, without obtaining investor consent, determine which products to purchase or sell for 13D Funds, as well as when to purchase or sell such products, and the prices to be paid. Investment discretion is made subject to applicable law and in accordance with the investment objectives and guidelines as set forth in the respective Client Constituents Documents. Notwithstanding the foregoing, 13D is not granted authority to take possession of investor assets or direct the delivery of investor assets to anywhere other than an investor's address of record.

## Item 17. Voting Client Securities

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13D has proxy voting authority relating to portfolio holdings of the 13D Funds and has adopted written proxy voting policies and procedures. Investors in 13D Funds cannot direct 13D's vote with respect to a particular proxy solicitation. The general policy is to vote proxies in a prudent and diligent manner keeping in mind its fiduciary obligation and will base its voting decision on its reasonable judgment of what will serve the Funds' best financial interests and is in line with the Funds' investment objectives.

In accordance with the Funds' investment objectives, the Adviser invests Fund assets in companies it believes has the strongest activist catalyst, the Adviser generally expects to support the agenda and director nominees of the activist involved. However, we realize that there are many complexities to proxy votes, and we will vote against a proposal or recommendation if we determine that such a vote is in the best interests of the Funds. We will generally vote proxies in accordance with the following guidelines:

- Generally, the Adviser will vote for routine corporate housekeeping proposals, including uncontested election of directors (where no corporate governance issues are implicated or withhold vote campaigns are instituted), selection of auditors, and increases in or reclassification of common stock.
- Generally, the Adviser will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce unequal voting rights, and create supermajority voting.

In certain circumstances, the Adviser may abstain from voting or affirmatively decide not to vote if the Adviser determines that abstaining or not voting is in the best interests of its clients. In making such a determination, the Adviser will consider factors, including, but not limited to: (i) the relative costs and benefits associated with exercising the proxy; (ii) any legal restrictions on trading resulting from the exercise of a proxy; and (iii) whether the fund or account has sold the underlying securities since the record date for the proxy.

The Portfolio manager is responsible for reviewing the proxy materials and the timely voting (or determining not to vote in appropriate cases) of proxies. The Portfolio Manager is authorized to consider voting recommendations and other information and analysis from service providers or other third parties and, where appropriate, may consult with the CCO regarding recommendations and decisions. Decisions are based on a number of factors that may vary depending on a proxy's subject matter but are guided by the general policies described in 13D's Proxy Voting Policy. In addition, the Adviser may determine not to vote a proxy after consideration of the vote's expected benefit to clients and the cost of voting the proxy. The Adviser will also act, in its best judgment, on behalf of clients on certain corporate actions that impact shareholder value, such as tender offers and bankruptcy proceedings.

The Adviser recognizes that there may be potential conflicts of interest when the Adviser votes proxies solicited by an issuer with whom the Adviser or an employee of the Adviser has business or personal relationship that may affect how the Adviser votes on the issuer's proxy.

The Adviser seeks to mitigate any potential conflicts of interest by reviewing each scenario on a case-by-case basis and utilizing its compliance policies and procedures to address any perceived or actual conflicts of interest. The Adviser will document the rationale for any course of action taken with respect to an identified conflict of interest. Such documentation will be maintained in accordance with the recordkeeping procedures.

Investors in a 13D Fund may obtain a copy of 13D's complete proxy voting policies and procedures and information about how 13D voted proxies relating to the Investor's portfolio by contacting 13D's Chief Compliance Officer at [info@13dmanagement.com](mailto:info@13dmanagement.com).



## **Item 18. Financial Information**

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This Item is not applicable as none of the Adviser's clients require or solicit the prepayment of any advisory fees. The Adviser does not have any adverse financial condition that is reasonably likely to impair its ability to continuously meet its contractual commitments to clients.