

ITEM 1: COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

VOCE CAPITAL MANAGEMENT LLC

March 2023

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Voce Capital Management LLC (“**VCM**”). If you have any questions about the contents of this Brochure, please contact us at 415.489.2600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

This Brochure also relates to Voce Capital LLC and Voce Forte GP LLC (the “**General Partners**”); however, to the extent the qualifications and business practices of the General Partners are substantially similar to those of VCM, no specific mention of the General Partners is made herein.

VCM is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

ITEM 2: MATERIAL CHANGES

Voce Capital Management LLC's is amending this Brochure as part of its Form ADV annual amendment for the fiscal year ending December 31, 2022, to reflect its updated regulatory assets under management in Item 4. Since the other-than-annual Form ADV amendment filed on May 20, 2022, no other material changes have occurred.

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ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm

1. *Voce Capital Management LLC*

Voce Capital Management LLC (“VCM”) is a California limited liability company that was formed in October 2010.

VCM only has one office, which is located in San Francisco, California.

The sole managing member of VCM is Voce Capital LLC, a Delaware limited liability company, which, as further described below, also serves as the general partner of certain Funds (defined below). Voce Capital LLC is controlled by VCM’s chief investment officer and principal owner, J. Daniel Plants (the “**Principal Owner**”), who is the sole managing member of the Voce Capital LLC.

2. *Voce Capital LLC and Voce Forte GP LLC*

Voce Capital LLC and Voce Forte GP LLC, affiliates of VCM, serve as the general partners of certain Funds (the “**General Partners**”).

B. Description of Advisory Services

This Brochure generally includes information about VCM and our relationships with our clients. While much of this Brochure applies to all such clients, certain information included herein applies to specific clients only.

1. *Advisory Services*

VCM serves as the investment adviser, with discretionary trading authority, to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “**Fund**” and collectively, the “**Funds**”). The Funds include:

- Voce Catalyst Partners LP, a Delaware limited partnership (“**Voce Catalyst**”);
- Voce Solo LP, a Delaware limited partnership (“**Voce Solo**”);
- Voce Forte LP II, a Delaware Series limited Partnership (“**Voce Forte II**”); and
- Voce Forte Offshore LP, a Cayman Islands limited partnership (“**Voce Forte Offshore**”).

Voce Capital LLC serves as the general partner of Voce Catalyst and Voce Solo. Voce Forte GP LLC serves as the general partner of Voce Forte II, and Voce Forte Offshore.

MANAGED ACCOUNTS

In addition, VCM may in the future serve as an investment adviser with discretionary trading authority over, and may also provide discretionary advisory services to, separately managed accounts (the “**Managed Accounts**”).

As used herein, the term “client” generally refers to each Fund and each beneficial owner of a Managed Account (to the extent that VCM advises Managed Accounts in the future).

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act, or non-”U.S. Persons” as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

2. Investment Strategies and Types of Investments

VCM’s investment objective is to achieve long-term capital appreciation by generating positive, absolute rates of return over intermediate periods of time. VCM will pursue this objective by taking significant, actively managed equity positions in publicly-traded U.S. companies that it believes are undervalued (or in the case of short investments, overvalued) or whose market valuation does not reflect its intrinsic value or true potential (each such position, a “**Portfolio Investment**”).

VCM invests with a fundamental, value-oriented approach and focuses primarily on small capitalization companies (generally between U.S. \$250 million and U.S. \$6.5 billion in equity market capitalization). VCM believes that companies of this size often display common inefficiencies in their trading, capital allocation, strategies, management and corporate governance. The Funds will invest in companies where VCM believes the catalyst to address such issues is identified and actionable. VCM believes that companies impacted by such issues can present attractive investment opportunities.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client’s investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. The Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

C. Availability of Customized Services for Individual Clients

VCM’s investment decisions and advice with respect to each Fund will be subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents.

If in the future we determine to offer Managed Accounts, the investment objectives and guidelines of the Managed Accounts would be determined in conjunction with the applicable client.

VCM, in its role as investment adviser to the Funds, and/or the General Partners, in its role as the general partners of certain Funds that are partnerships, has in the past and may from time to time in the future agree to supplements, clarifications, or variations of the terms of a Fund's offering, subscription, or organizational documents in "side letters" or similar agreements.

D. Wrap Fee Programs

VCM does not currently participate in any Wrap Fee Programs.

E. Assets Under Management

VCM manages, on a discretionary basis, approximately \$204,488,670 of client assets, determined as of December 31, 2022.

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation

The fees and compensation applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees and compensation is provided below. The fees and compensation payable to VCM are negotiable and vary among the Funds and investors. However, the range of compensation is generally as follows:

1. *Management Fee*

VCM typically receives a quarterly asset-based management fee calculated as a percentage of each investor's capital account, payable quarterly in advance (the "**Management Fee**"). The Management Fee is generally 2.0% per annum. The Management Fee is calculated and paid in advance but is amortized monthly by a Fund over the quarter for which such Management Fee is paid.

The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a fiscal quarter. In the event of a withdrawal by an investor other than as of the last day of a fiscal quarter, VCM will pay to the Fund an amount equal to the pro rata portion of the Management Fee, based on the actual number of days remaining in such fiscal quarter, and the investor's capital account(s) will be credited by such amount to the extent its capital account(s) have been debited for the Management Fee for the remaining days in such fiscal quarter. In the sole discretion of the general partners of the Funds, the Management Fee may be waived, reduced or calculated differently with respect to certain investors.

2. *Incentive Allocation*

VCM generally receives an incentive allocation equal to a percentage of the net realized and unrealized profits allocated to each investor for the year, but only to the extent net income allocated to that investor exceeds any cumulative losses that were allocated to that investor for earlier periods and that have not been recovered (a "high water mark"). This incentive allocation is generally 20.0% and is typically made at the end of each calendar year. Certain Funds will have a high-water mark and hurdle rate, as described in the applicable Fund's offering documents.

VCM's performance-based fees will be based on unrealized as well as realized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gains and losses may be subject to material subsequent revision.

The incentive allocation will only be charged to accounts of those investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), in accordance with the provisions of the California Corporations Code Section 260.234.

VCM does not receive an incentive allocation from the General Partners or certain employee accounts invested in the Funds.

B. Payment of Fees

Management fees, incentive allocations, and third-party fees (discussed below) are deducted from Fund assets. Management fees, which are paid in advance, are withdrawn at the beginning of the quarter.

Incentive allocations are allocated as of the last business day of the calendar year and as of any date on which an investor makes a withdrawal or receives a distribution from such investor's capital account(s).

C. Additional Fees and Expenses

Each Fund bears its own expenses, including all costs and expenses relating to the Fund's activities, investments and business (to the extent not borne or reimbursed by an entity in which the Fund invests), which generally include, without limitation: (i) legal, accounting, bookkeeping, recordkeeping, administration, tax, audit, administration, custodial, consulting and other professional fees (including expenses associated with maintaining the Fund's financial books and records, calculating net assets and preparing the Fund's financial statements and other reports, tax returns and forms K-1); (ii) banking, brokerage, registration, qualification, depositary and similar fees or commissions (including finder's fees) (see Item 12); (iii) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of assets; (iv) costs, expenses and liabilities of the Fund (including premiums for insurance (if any) protecting the Fund, the Fund General Partner, any of their respective affiliates, and any of their respective employees and agents); (v) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (vi) taxes or other governmental charges payable by the Fund; (vii) litigation costs and any judgments or settlements paid in connection with litigation involving the Fund or an Indemnified Party; (viii) costs of soliciting, reporting to or meeting with the Fund's investors; (ix) costs of meetings of the Fund's board of directors (as applicable) and of the Fund's investors; (x) costs incurred in valuing securities; (xi) costs of winding up and liquidating the Fund; (xii) expenses incurred in connection with an investor that defaults in respect of a capital contribution; (xiii) other expenses associated with the acquisition, holding and disposition of Fund investments; and (xiv) expenses relating to software tools, programs or other technology utilized in managing the Fund (including third-party software licensing, implementation, data management and recovery services and custom development costs); (xv) expenses related to the conduct of an activist campaign, including proxy contests, solicitations and tender offers, and compensation, indemnification and other expenses of any nominees proposed by VCM as directors or executives of portfolio companies; and (xvi) all fees and expenses (whether paid in cash or otherwise) incurred by the Fund, VCM or the Fund General Partner relating to investment and disposition opportunities for the Fund and whether or not consummated (including, without limitation, legal, accounting, auditing, consulting, research and other fees and expenses, financing commitment fees, printing and any related travel costs).

D. Prepayment of Fees

Generally, each Fund pays VCM the Management Fee quarterly in advance based on the net asset value of each Fund. In the event that a client's net asset value is reduced in connection with a withdrawal or redemption by an investor of such Fund other than as of the last day of a quarter, VCM will pay such Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and such Fund will distribute such amount to the investor.

E. Additional Compensation and Conflicts of Interest

Neither VCM nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

As discussed in Item 5, VCM generally receives an incentive allocation equal to a percentage of the net realized and unrealized profits allocated to each investor, accrued at the end of each fiscal year. VCM currently charges an incentive allocation to some (but not all) of its investors and VCM generally allocates investment opportunities to all Funds on a pro-rata basis.

In the event VCM manages a client's assets with a different incentive allocation model, a potential conflict of interest might exist whereby VCM might be incentivized to favor the investor's accounts with the greatest incentive allocation percentage. VCM has implemented policies and procedures reasonably designed to identify and mitigate conflicts of interest.

The incentive allocation may provide a possible incentive for VCM to make riskier or more speculative investments on behalf of a client than it might make otherwise. Notwithstanding this potential incentive, VCM will evaluate investments in a manner that it considers to be in the best interest of its clients, given those clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

ITEM 7: TYPES OF CLIENTS

VCM provides investment advice to the Funds, as described above. VCM may in the future provide investment advice to separately managed accounts for institutional and other investors.

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

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of its clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

VCM's primary methods of analysis are charting, fundamental, technical, cyclical analysis using financial newspapers and magazines; inspection of corporate activities; research materials prepared by others; corporate rating services; annual reports, prospectuses, filings with the SEC; and company press releases.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

VCM will seek to accomplish the Funds' investment objectives by taking significant, actively managed equity positions in publicly-traded U.S. companies that VCM believes are undervalued (or in the case of short investments, overvalued) or whose market valuations do not reflect the companies' intrinsic values or true potential. VCM will rely on primary, proprietary research to identify companies whose current valuation is (or in the case of short investments, is likely to become or should be) in the view of VCM, impacted by some or all of the following: capital misallocation, managerial deficiencies, operational underperformance, governance dysfunction and/or strategic issues of scale or scope. VCM believes that companies impacted by such issues can present attractive investment opportunities. VCM will invest in companies where it believes the catalyst to address such issues is identified and actionable. VCM may then attempt to engage in active and substantive dialogue with the management, board of directors, advisors and other shareholders of such companies, and the investing public, to effect changes it believes will address the companies' issues and narrow the valuation discrepancy.

VCM will focus primarily in North American publicly traded small capitalization companies (generally between U.S. \$250 million and U.S. \$6.5 billion in equity market capitalization). VCM believes that companies of this size often display common inefficiencies in their trading, capital allocation, strategies, management and corporate governance. Options and other derivative securities may be used at times to enhance return or to hedge specific portfolio risks.

The foregoing investment strategies represent VCM's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities or commodities in which VCM may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. VCM may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, VCM may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment by the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

Activist. A Fund may invest in equity securities of companies that VCM believes are undervalued by the marketplace and are likely to appreciate, including as a result of a change in ownership, corporate strategy or management, or as a result of financial or operational improvements. In making such investments, a Fund may act alone or together with one or more other investors or investment managers acting as a group. In order to implement any actions deemed necessary to maximize value, VCM, or other members of the investing group, may work with the management of the target company to design an alternate strategic plan and assist them in its execution and may secure the appointment of persons selected by VCM or other members of the group to the company's management team or board of directors. VCM, either alone or as part of a group, may also initiate investor actions (including those that may be opposed by company management). Such investor actions may include, among other things, re-orienting management's operational focus, altering its capital structure or initiating the sale of the company (or one or more of its divisions) to a third party.

To succeed, some or all of a Fund's portfolio investments may require, among other things, that: (i) VCM properly identify portfolio investments whose securities prices can be improved through corporate and/or strategic action; (ii) such Fund acquire sufficient securities of such Portfolio Investment at a sufficiently attractive price; (iii) such Fund avoid triggering anti-takeover and regulatory obstacles while accumulating its position; (iv) management (and other stakeholders) of the portfolio investments respond positively to VCM's proposals; (v) such Fund incur substantial expenditures, including the retention of sophisticated advisors and the public pursuit of its agenda through the solicitation of shareholder consents and proxies and/or other public means; and (vi) the market price of a Portfolio Investment's securities increases in response to any actions taken by such Portfolio Investment. There can be no assurance that any of the foregoing will occur.

VCM's proposed strategies with respect to a Fund's portfolio investments may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation against such Fund, VCM and/or the General Partners and may erode, rather than increase, the value of an investor's investment in such Fund; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy to thwart VCM's attempt to influence the company's direction; (iv) market conditions resulting in material changes in securities prices; (v) the presence of certain defensive corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws.

In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the Portfolio Investment or such Fund and such regulatory agencies may independently investigate the participants in a transaction, including such Fund, as to compliance with securities or other laws. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of such Fund, and some of those parties may be adverse or indifferent to the proposed changes. Moreover, securities that VCM believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe VCM anticipates, even if VCM's proposed strategy with respect to a Portfolio Investment is implemented successfully. Even if the prices for a Portfolio Investment's securities have

increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow such Fund to dispose of all or any of its securities therein or to realize any increase in the price of such securities.

Concentration and Nature of Investments. As further described in the offering documents for each of the Funds, the Funds each generally expect to have a relatively concentrated investment portfolio. A Fund's investment strategy may depend upon the ability to acquire a sufficient position in a Portfolio Investment to enable it to influence certain management actions. In order to achieve this objective, a Fund may need to reach a sufficient amount of assets to permit it to acquire positions of the necessary magnitude. There can be no assurance that a Fund will reach an asset level large enough to permit it to obtain ownership stakes of such size or that even if it does it will be able to accumulate ownership stakes in portfolio investments in the size desired or necessary to achieve such Fund's objectives.

A significant portion of a Fund may be invested from time to time in particular industries or segments, making such Fund non-diversified. Furthermore, each Fund expects to invest from time to time in companies in the technology industry, which is generally riskier than traditional industries, and these technology investments may be significant. Accordingly, such Fund's aggregate return may be adversely affected by the performance of a few holdings, a particular industry, or an industry segment disproportionate to those incurred by the market in general. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund will be even less diversified.

Control Position. In order to accomplish its investment objectives, VCM may cause a Fund, either alone or together with other members of a group, to acquire a "control" position in a company's securities. Whether or not it actually obtains control, if such Fund, either acting alone or as part of a group, is deemed to acquire a "control" position in an issuer's securities, such Fund may be subject to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Potential "Insider" Restrictions; Directorship on Boards of Portfolio Investments. VCM and/or its affiliates or designees may serve as directors of, or in a similar capacity with, portfolio investments, the securities of which are purchased or sold on behalf of a Fund. In the event that material non-public information is obtained with respect to such portfolio investments or such Fund becomes subject to trading restrictions pursuant to the internal trading policies of such portfolio investments or as a result of applicable law or regulations, such Fund may be prohibited for a period of time from purchasing or selling the securities of such portfolio investments, which prohibition may have an adverse effect on such Fund. It may also be subject to "short swing" profit restrictions. See "Investing in Public Companies".

Third Party Litigation Relating to Portfolio Investments. To the extent VCM or its affiliates is in a position to exercise any significant influence over a Portfolio Investment, whether through any management rights that VCM or its affiliate may have in respect of the Portfolio Investment, or otherwise, there could be a heightened risk of litigation. Absent fraud, willful misconduct or gross negligence by VCM or its affiliate, the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by a Fund and would reduce the net assets of such Fund.

Litigation Risk. Some of the tactics that VCM may use involve litigation. A Fund could be a party to lawsuits either initiated by it, or by a company in which such Fund invests, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that

any such litigation, once begun, would be resolved in favor of such Fund. Absent fraud, willful misconduct or gross negligence by VCM, the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by such Fund and would reduce such Fund's net asset value.

Significant Positions in Securities; Regulatory Requirements. In the event a Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, such Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on such Fund and VCM. Any such requirements may impose additional costs on such Fund and may delay the acquisition or disposition of the securities or such Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit such Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that a Fund's position limits were aggregated with an affiliate's position limits, the effect on such Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by VCM were to exceed applicable position limits, VCM would be required to liquidate positions, which might include positions of a Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, a Fund might have to forego or modify certain of its contemplated trades.

In addition, if a Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances a Fund will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

As noted herein, a Fund, acting either alone or as part of a group, may acquire a "control" position in an issuer's securities. This may subject such Fund to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability.

Exposure to Material Non-Public Information. From time to time, VCM may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, a Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Equity Price Risk. A Fund's investment portfolios will include long and short positions in equity securities of publicly-listed companies. Equity securities fluctuate in value in response to many unforeseeable factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic

environments. Such factors may contribute to market volatility in ways that could adversely affect investments made by a Fund.

Short Sales. A Fund may engage in “short sale” transactions. A short sale involves the sale of a security that a Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, such Fund must borrow the security, and such Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the securities by such Fund. Short selling of securities can result in profits when the prices of such securities decline. In a generally rising market, a Fund’s short position may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short.

Investing in Public Companies. If a Fund, by itself or together with other affiliated companies, acquires beneficial ownership of more than 5% of any class of the equity securities of a company registered under the Exchange Act, it may be required to make certain filings with the SEC. Generally, these filings require disclosure of the identity and background of the purchaser, the source and amount of funds used to acquire the securities, the purpose of the transaction, the purchaser’s interest in the securities and any contracts, arrangements or undertakings regarding the securities. If a Fund, individually or as part of a group, acquires beneficial ownership of 10% or more of a public company’s equity securities, it may be required to make filings under Section 16 of the Exchange Act and will become subject to the “short swing” profit restrictions under Section 16.

Co-Investments with Third Parties. A Fund may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of such Fund or is in a position to take (or block) action in a manner contrary to such Fund’s investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Leverage. A Fund may use leverage, or borrowing, in its investments. To the extent employed, the use of leverage will have the effect of magnifying the profits and loss of a Fund and increasing the volatility of the investments made by such Fund. Loans generally may be obtained from securities brokers and dealers or from other financial institutions, and will be secured by securities or other assets of the Fund pledged to such institutions. The level of interest rates at which the Fund can borrow will affect the operating results of the Fund. If securities pledged to brokers to secure the Fund’s margin accounts decline in value, the Fund could be subject to a “margin call” pursuant to which the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund’s assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Currency Exchange Exposure. A Fund may invest in securities denominated in currencies other than the U.S. Dollar despite valuing its securities in U.S. Dollars. A Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when a Fund wishes to use them, or that hedging techniques employed by a Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of a Fund’s positions denominated in currencies other than the U.S. Dollar will

fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Hedging Transactions. A Fund may utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of such Fund's investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect such Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment of such Fund; (v) hedge against a directional trade; (vi) hedge the interest rate on any of such Fund's investments; (vii) protect against any increase in the price of any investments such Fund anticipates purchasing at a later date; or (viii) act for any other reason that VCM deems appropriate.

A Fund will not be required to hedge any particular risk in connection with a particular Portfolio Investment or its portfolio generally. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. The success of a Fund's hedging transactions is subject to the movements in the direction of securities prices and currency and interest rates. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. A Fund may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss.

While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that may not be hedged. Hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase.

Illiquid Securities. Liquidity is important to each of the Fund's businesses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a Fund's portfolio positions may be reduced. In addition, a Fund may from time to time hold large positions with respect to a specific type of security, which may reduce such Fund's liquidity. During such times, a Fund may be unable to dispose of certain securities at expected or targeted values, which would adversely affect its ability to rebalance its portfolio or to meet redemption requests. In addition, such circumstances may force a Fund to dispose of securities at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar securities at the same time, such Fund may be unable to sell such securities or prevent losses relating to such securities. Furthermore, if a Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, a Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing such Fund's exposure to their credit risk.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which a Fund interacts, as well as such Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on a Fund and on the markets for the securities in which such Fund seeks to invest.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of each Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by each Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Funds' portfolio companies.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Funds' (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, VCM, a General Partner or one or more of a Funds' portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an extended, potentially indeterminate, period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose comparable risk of loss. While in recent years governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of a General Partner to manage a Fund and its investments, and on the ability of a General Partner, the Funds and any portfolio companies to maintain operations, which, in each case, could result in additional operational burdens, as well as significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of a Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, including at prices that a General Partner believes reflect the fair value of such investments; and the inability of VCM or portfolio companies to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that VCM will experience additional operational burdens and expenses, and the Funds or portfolio companies will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent a General Partner is able to exercise contractual remedies under agreements with Financial

Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses, delays or other negative impacts. A Fund and its portfolio companies are subject to similar risks as well as additional risks, including an enhanced risk of investor defaults, if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, contractors, service providers or other counterparties of the Funds or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on the Funds and/or one or more of their portfolio companies.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that a General Partner and/or a Fund maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the General Partners seek to do business with Financial Institutions that they believe are established, well-capitalized and capable of fulfilling their respective obligations to the Funds, the General Partners are under no obligation to use a minimum number of Financial Institutions with respect to the Funds or to maintain account balances at or below the relevant insured amounts. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Funds will not be able to maintain account balances at or below any relevant insured amounts.

Investment and Due Diligence Process. Before making investments, VCM will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, VCM may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, VCM will rely on the resources reasonably available to it, which in some circumstances, whether or not known to VCM at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Systems and Operational Risks. Each of the Funds depends on VCM to develop and implement appropriate systems for its activities. Each Fund relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of its activities. In addition, each Fund relies on information systems to store sensitive information about such Fund, VCM, their affiliates and the Fund's investors. Certain of a Fund's and VCM's activities will be dependent upon systems operated by third parties, including prime brokers, the Fund's administrator, market counterparties and other service providers, and VCM may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by VCM, prime brokers, the Fund's administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. In addition, despite the security measures established by VCM and third parties to safeguard the information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft, loss or public dissemination of the information stored therein. Disruptions in a Fund's operations or breach of a Fund's information systems may cause such Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Fund and its investors' investments therein.

Counterparty Risk. Each of the Funds expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit such Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that a Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could

limit a Fund's trading activities, create losses, preclude such Fund from engaging in certain transactions or prevent such Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on a Fund's business due to such Fund's reliance on such counterparties.

A Fund may effect transactions in markets that are not "exchange-based", such as "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Generally, a Fund will not be restricted from dealing with any particular counterparties. VCM's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of a Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Fund.

If there is a default by a counterparty, a Fund under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of such Fund being less than if such Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of a Fund's securities from such counterparty or the payment of claims therefore may be significantly delayed, and such Fund may recover substantially less than the full value of the securities entrusted to such counterparty.

In addition, a Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to a Fund's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on a Fund and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering a Fund's securities from or the payment of claims therefor by such counterparty and a loss to such Fund, which could be material.

Competition; Availability of Investments. The market for suitable investments for the Funds is extremely competitive. As a result, there can be no assurance that VCM will be able to identify or successfully pursue attractive investment opportunities in such environment. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. There are a significant number of firms organized to make investments in companies suitable for the Funds, which may result in increased competition with respect to each Fund in obtaining suitable investments.

Volatility Risk. The investment program of a Fund may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by a Fund.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency

to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. A Fund may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to such Fund's investment objective.

Public Health Risk. Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and thereby adversely affect the performance of the Fund's investments.

C. Risks Associated With Particular Types of Securities

We do not recommend a particular type of investment instrument to the Funds, but rather, we recommend and invest in multiple investment instruments. Given the broad discretion we have in managing the Funds, any one or more of the risks listed in the previous section may be incurred by our clients.

However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within the Funds' portfolios:

Small Capitalization Securities. Each of the Funds intends to concentrate its investments in companies with small market capitalizations (generally \$250 million to U.S. \$6.5 billion market capitalization). Such investments involve greater risk than investing in larger companies. The stock prices of small companies can rise very quickly and drop dramatically in a short period of time. This volatility results from a number of factors, including, but not limited to, limited trading liquidity, reliance by these companies on limited product lines, markets and financial and management resources. These and other factors may make small companies more susceptible to setbacks or downturns. These companies may experience higher rates of bankruptcy or other failures than larger companies and they may be more likely to be negatively affected by changes in management.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of a Fund's interests or shares.

Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Fund's investments may not adequately compensate for

the business and financial risks assumed.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which a Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on a Fund.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

VCM and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

VCM and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Conflicts of Interest Relating to Other Investment Advisers

VCM does not recommend or select other investment advisers for its clients.

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

A. Code of Ethics

VCM strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

B. Securities that VCM or a Related Person Has a Material Financial Interest

1. Cross Trades

VCM may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “**Cross Trade**”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If VCM decides to engage in a Cross Trade, it will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

VCM generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients may occur as an “internal cross”, where VCM instructs the custodian for the clients to book the transaction at the price determined in accordance with VCM’s valuation policy. If VCM effects an internal cross, it will not receive any fee in connection with the completion of the transaction.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by VCM or its personnel, it will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by VCM (or its affiliate), and

any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that VCM or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to VCM on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions.

VCM, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that VCM and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

VCM has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading

VCM manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is VCM's policy to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. VCM will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because VCM purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

ITEM 12: BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

As noted previously, VCM has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. VCM's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to us and/or certain clients, but not beneficial to all clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, VCM may consider, among other things, the following:

- the ability of the brokers and dealers to effect the transaction;
- the brokers' or dealers' facilities, reliability and financial responsibility; and
- the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. VCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither VCM nor the Funds separately compensate any broker or dealer for any of these other services.

If VCM decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another:

- the ease of use;
- the flexibility of the ECN compared to other ECNs; and
- the level of care and attention that will be given to smaller orders.

VCM maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

1. Research and Other Soft Dollar Benefits

From time to time, VCM may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. VCM will effect such transactions, and

receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act, and subject to prevailing guidance provided by the SEC regarding Section 28(e). VCM believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by one or more Funds may be used by VCM to service one or more other clients, including clients that may not have paid for the soft dollar benefits. VCM does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to VCM (*i.e.*, a “mixed use” item), VCM will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of VCM’s allocation of the costs of such benefits and services between those that primarily benefit VCM and those that primarily benefit the Funds.

When VCM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, VCM receives a benefit because it does not have to produce or pay for such products or services. VCM may have an incentive to select or recommend a broker-dealer based on VCM’s interest in receiving research or other products or services, rather than on its clients’ interest in receiving most favorable execution.

Within the last fiscal year of VCM, VCM or its related persons acquired the following types of products and services with client brokerage commissions (or markups or markdowns):

- Market Data Services
- Research Services

At least annually, VCM considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will VCM make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

2. Brokerage for Client Referrals

Neither VCM nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, VCM may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

3. Directed Brokerage

VCM does not recommend, request or require that a client direct VCM to execute transactions through a specified broker-dealer.

B. Order Aggregation

If VCM determines that the purchase or sale of a security is appropriate with regard to multiple clients, VCM may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by VCM. In the event of a partial fill, allocations may be modified on a basis that VCM deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by VCM. As a result, certain trades in the same security for one client (including a client in which VCM and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

VCM performs various daily, weekly, monthly, quarterly and ongoing reviews of each client's portfolio. Such reviews are generally conducted by the portfolio manager and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

Investors in the Funds receive a monthly letter from VCM documenting the performance of the Fund, along with commentary by VCM, although VCM may provide certain investors with information on a more frequent and detailed basis if agreed to by VCM. In addition, the Funds' administrator sends unaudited monthly statements to each investor. Information also may be available through VCM's password-protected website. In addition, VCM issues investors tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Fund's fiscal year. While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to request a redemption from the Fund.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

VCM does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither VCM nor any of its related persons directly or indirectly compensate any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15: CUSTODY

VCM is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to VCM.

VCM is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16: INVESTMENT DISCRETION

VCM serves as the investment adviser with discretionary trading authority for each Fund. VCM's discretionary authority is pursuant to a grant of authority in each Fund's limited partnership agreement or similar agreement.

Our investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, our investment decisions and advice with respect to each Managed Account, to the extent we manage any, would be subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement, as well as any written instructions provided by the client to us (note that at the time of this filing VCM does not advise any managed accounts).

ITEM 17: VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

VCM votes all proxies on behalf of the Funds. In compliance with Advisers Act Rule 206(4)-6, VCM has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, VCM may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures. Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

ITEM 18: FINANCIAL INFORMATION

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