

**Item 1. Cover Page**

**MARATHON PARTNERS EQUITY MANAGEMENT, LLC**  
(the “Adviser”)

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**Part 2A of Form ADV**  
(the “Brochure”)

March 30, 2023

This Brochure provides information about the qualifications and business practices of the Adviser. If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact Eric Hidy at (212) 490-0399 or [Hidy@marathonpartners.com](mailto:Hidy@marathonpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

## **Item 2. Material Changes**

The Adviser does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in its most recent previous version dated January 3, 2023. Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

To receive a current copy of this Brochure free of charge, please contact Eric Hidy at (212) 490-0399 or [Hidy@marathonpartners.com](mailto:Hidy@marathonpartners.com).

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#### **Item 4. Advisory Business**

The Adviser is an investment advisory firm with its principal place of business in New York, New York. The Adviser commenced operations on January 17, 2001. Mario D. Cibelli is the Adviser's Managing Member (the "Managing Member") and sole owner.

The Adviser provides discretionary investment advisory services to its clients, which are currently pooled investment vehicles (the "Funds") intended for institutional and other sophisticated investors. The Adviser generally has broad and flexible investment authority with respect to each Fund's investment portfolio. It provides investment advisory services to the Funds based on each Fund's specific investment objectives and strategies. The Adviser does not tailor its advisory services to the individual needs of investors in the Funds. Each Fund may have investment restrictions on investing in certain securities or other assets, to the extent that such securities are outside of the applicable Fund's existing investment program.

As of December 31, 2022, the Adviser had approximately \$166,933,985 in client regulatory assets under management ("RAUM"), all of which were managed on a discretionary basis.

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

The fees and expenses that are applicable to an investment with the Adviser are set forth and agreed to in each Fund's governing documents, which include a private offering memorandum, subscription and operating agreement, and may, include other agreements (collectively, the "Offering Documents"). Investors and prospective investors must carefully review the Offering Documents of the Fund in which they are invested or may invest, to review the specific fees and expenses applicable to their investment.

The Adviser charges certain of the Funds asset-based investment management fees ranging from 0% to 1% based on the value of each Fund's assets under management. The Adviser is also eligible to receive from each Fund an incentive allocation, which is compensation based on a share of capital gains on, or capital appreciation of, each Fund's assets. The management fees and the incentive allocations may be paid to the Adviser or a related person of the Adviser. Fund investors are subject to the management fee and incentive allocation through their investment in the Fund.

Certain Funds that charge a management fee which is payable quarterly in arrears, at an annual rate of 1% of the value of each investor's account as of the beginning of the applicable quarter. The management fee will be prorated for any period that is less than a full fiscal quarter, and will be adjusted for subscriptions and withdrawals during the quarter. Through the Fund's administrator, the Managing Member instructs each Fund's custodian to deduct the management fee from the Fund's account. Other Funds charge a management fee paid quarterly in arrears, based on the value of investor's account as of the last Business Day of each calendar quarter; adjusted for capital contributions and withdrawals made during a calendar quarter; and calculated without accrual of the incentive allocation, if any.

The incentive allocation charged to each Fund ranges from 10% to 17% of the Fund's net profits (including any realized and unrealized gains and losses) and is subject to a loss carryforward provision.

In addition to paying investment management fees and incurring performance-based fees, as set forth in the relevant Offering Documents, the Funds will be subject to other investment expenses, such as commissions; research consultants' fees and research fees and expenses (including research-related travel and subscription fees for services such as Bloomberg); compliance, administration, legal, audit and accounting expenses; regulatory compliance, filings and reporting (including, but not limited to, Form PF) expenses; interest on margin accounts and other indebtedness; borrowing charges related to short sales; custodial fees;

and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets; organizational expenses; bank services fees; and Fund-related insurance costs (including D&O and E&O insurance for the investment manager and general partner).

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

As discussed in Item 5, the Adviser is paid performance-based fees by the Funds. The Adviser has an incentive to favor Funds for which it receives higher performance-based fees since it may receive a greater profit if the investment generates a positive return. To ensure equitable treatment of all Funds irrespective of such fee considerations, the Adviser has adopted an investment allocation policy that sets forth the criteria for determining allocations.

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

As described in Item 4, the Adviser's clients, the Funds, are private investment funds suitable for institutional and other sophisticated investors. Any initial and additional subscription minimums for investors are disclosed in the Funds' Offering Documents.

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

The Adviser employs a fundamental approach to investing, with a research intensive focus on business and industry fundamentals to uncover compelling investment opportunities. The Adviser has a long-term investment time horizon and seeks to make investments that the Funds can hold for a multi-year period. Financial analysis drives the Adviser's investment process at all times. Investments must be justified quantitatively.

The Adviser engages with the management teams of issuers, from time to time, to offer what it believes are unique insights and value-added ideas. At times, the Adviser may step into an activist role with respect to the issuer of an asset held in a Fund's portfolio.

The Adviser performs in-depth, fundamental, bottom-up research on candidates for investment, which research may include multiple visits and conversations with senior executives of such issuers. Due diligence includes analysis of competitors, customers and industry trends.

The Adviser's investment strategies primarily involve trading in U.S. equity securities. Through research and analysis, the Adviser seeks to determine the intrinsic value or true economic worth of an entire company. The Adviser selects for investment those securities it believes are selling for significantly less than their intrinsic value or those that may grow intrinsic value at above average rates. The Adviser may take short positions to seek to hedge positions in a Fund's portfolio, from time to time. The Adviser may, at times, use leverage, but historically the use of leverage has been minimal.

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors in a Fund should speak with their legal, tax and financial advisors prior to making an investment in a Fund. The following summary identifies the material risks related to the Adviser's principal investment strategies and should be carefully evaluated before making an investment in the Fund. This summary does not intend to identify all possible risks of investing in the Funds or provide a full description of the identified risks. Please refer to the Offering Documents of each Fund for additional and specific risk disclosures applicable to such Fund.

*Lack of Diversification.* The Funds' investments will not be diversified among a wide range of types of securities, countries or industry sectors. Certain funds may invest only in the securities of a single issuer. Accordingly, each Fund's portfolio is subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Portfolio Concentration of Marathon Partners MXN Fund LP ("MXN Fund").* MXN Fund expects to invest substantially all of its assets in equity or other securities issued by Becele, S.A.B. de C.V. ("Becele"), a Mexico-based company engaged in the beverages industry whose securities are traded on the Mexican Stock Exchange (*i.e.*, Bolsa Mexicana de Valores). Accordingly, MXN Fund is likely to be subject to more rapid change in value than would be the case if MXN Fund were required to maintain a diversified portfolio. Additionally, because of overall size or concentration in one particular position held by MXN Fund, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described in MXN Fund's Offering Documents. In addition, the timing of liquidations may also affect the values obtained on liquidation. Third party pricing information may not be available for certain positions held by MXN Fund. Securities to be held by MXN Fund may trade with bid-ask spreads that may be significant.

*Control Positions held by MXN Fund.* Although the Adviser does not currently intend to do so, to the extent that the MXN Fund acquires a controlling stake in or is deemed an "affiliate" of Becele it may be subject to certain additional securities laws restrictions which could affect both the liquidity of the MXN Fund's interest and the MXN Fund's ability to liquidate its interest without adversely impacting the stock price. In addition, to the extent that affiliates of the MXN Fund, the General Partner of the MXN Fund or the Adviser are subject to such restrictions, the MXN Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the MXN Fund stands to benefit from such affiliate's stock ownership.

*Shareholder Activism.* The Adviser may, from time to time, seek to be an active participant in the development or implementation of operating strategies of the issuers in which it invests. There exists the risk in activist investing that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Fund's purchase of the securities and the anticipated results. During this period, a portion of the Fund's capital would be committed to the securities purchased, and the Fund typically might finance some portion of such purchases with borrowed funds on which it must pay interest. Additionally, if the anticipated results do not in fact occur, the Fund may be required to sell its investment at a loss. Moreover, there may be instances where the Fund will be restricted in transacting in or redeeming a particular investment as a result of such strategy. Because there is substantial uncertainty concerning the outcome of transactions involving a particular investment, there exists a potential risk of loss by the Fund of its entire investment. The Adviser may also attempt to build strong relationships with the issuer's management, which may result in the Managing Member (or his designee) taking a seat on issuer's board of directors. In such a case, there exists the risk that the Fund will be restricted in transacting in or redeeming its investment in a particular issuer as a result of, among other things, legal restrictions on transactions by directors or affiliates of such issuer. Because there is substantial uncertainty concerning the outcome of transactions involving a particular issuer, there exists a potential risk of loss by the Fund of its entire investment in such issuer. Moreover, it is possible that the Fund may become involved in litigation (as either plaintiff or defendant) as a result of any activist activities in respect of such issuer. Litigation entails expense and the possibility of counterclaims against the Fund and ultimately judgments may be rendered against the Fund for which the Fund may not carry insurance.

*Certain Risks Relating To Investing In Mexico.* The MXN Fund's investments in Becele may be adversely affected by various risks that are specific to Mexico, including legal, regulatory, political, currency, security

and economic risks, which are different or magnified in comparison to the risks associated with similar investments in the United States or other developed economies. The political and economic structures in Mexico may be less stable than more developed countries. This instability may result from, among other things, the following: (i) an upsurge in internal violence as a result of policies to combat drug trafficking or a general increase in criminal activity; (ii) a reduction in global demand for products that Mexico exports; (iii) reductions and rapid fluctuations in oil prices that could adversely affect Mexico's tax income and result in volatility and instability in the Mexican economy more generally; (iv) popular unrest associated with demands for improved political, economic and social condition; (v) internal insurgencies; (vi) ethnic and racial disaffection; (vii) higher levels of corruption of governmental officials and corporate officers; and (viii) interference into political and government affairs by powerful economic groups. In particular, Mexico's developing economy is heavily dependent upon international trade and, accordingly, is affected by protective trade barriers and the economic conditions of Mexico's trading partners and sources of inbound foreign direct investment, principally the United States. The enactment by the United States or other principal trading partners of protectionist trade legislation or the imposition of import duties or capital controls, distressed economic conditions affecting the United States or other trading partners, or a reduction of foreign investment in the Mexican economy could have a significant adverse effect upon business conditions in Mexico and the value of investments in Mexico. Further, Mexico may be especially sensitive to adverse developments in other countries or markets, including particularly other Latin American countries and China. Although economic conditions in these countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in other emerging or developing markets may have an adverse effect on the market value of securities of Mexican issuers and the Mexican economy more generally. Actions by the Mexican government could also have a significant adverse effect on the value of the MXN Fund's investments. During the term of the MXN Fund, there could be a number of changes in governmental administration at all levels of the Mexican government, federal, state and local. Each change in administration may result in changes to the interpretation or implementation of existing laws and/or regulations. These changes in interpretation and/or implementation of laws and regulations could result in adverse impacts on the MXN Fund's investments. Moreover, the Mexican judicial system generally also has higher levels of corruption and may take a longer period of time to resolve actions than in the United States. As a result, the Mexican legal system may not prove to be an effective or viable method of enforcing the Partnership's rights or otherwise pursuing claims. Finally, depreciation in the value of the Mexican Peso relative to the U.S. Dollar could adversely affect the Partnership's investments.

*Currency Risk of MXN Fund.* The MXN Fund's investments in Beclé and other securities that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment, capital appreciation and political developments. The Adviser may attempt to fully or partially hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or that if implemented, will be effective.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk of loss to a Fund, such transactions may result in lower overall performance and increased (rather than reduced) risk for a Fund's investment portfolio than if the Adviser did not engage in any such hedging transactions.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty to a derivative or other instrument, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of

smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets or financial resources.

*Leverage.* To the extent that a Fund employs leverage, the Fund's performance may be more volatile.

*Short Selling Risk.* Each Fund's investment program may include short selling. Short selling involves the risk of loss of an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a Fund in connection with a short sale would need to be returned to the lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Funds might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received from the transaction.

*Portfolio Turnover.* Certain of the Adviser's investment strategies may involve more frequent trading with respect to a Fund's assets compared to more traditional investment strategies. Frequent trading may result in significantly higher commissions and other charges to such Fund due to increased brokerage, which will offset any profits.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market and economic developments. Fluctuations can be dramatic over the short- and long-term. Issuer, political or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Non-U.S. Securities.* Investing in foreign securities, foreign currencies and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments.

*Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. The Adviser may be unable to sell particular securities when necessary to meet a Fund's liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a Fund's portfolio.

*Special Situations.* The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers, or in companies that are involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. Such investment opportunities involve the risk that the contemplated transaction will be unsuccessful or take considerable time, or will result in a distribution of cash or a new security, the value of which may be less than the purchase price to the Fund. Similarly, if an anticipated transaction does not occur, a Fund may be required to sell its investment at a loss.

*Options.* Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks.



*Derivatives.* Swaps, certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments often involve a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Adviser or the Funds.

*Risk of Catastrophes.* The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on locations in which the Investment Manager operates) the risks of loss can be substantial and could have a material adverse effect on the Funds and the shareholders' investments therein.

*Risk Associated with Federal Regulation and the Growth Fund.* The Adviser will seek to achieve the Fund's investment objective by investing in publicly-traded securities in the cannabis industry, as well as in cannabis-related companies (e.g., technology, consumer/retail, distribution, agriculture, healthcare, financial services, real estate investment trusts and other entities that derive or are expected in the future to derive revenue, directly or indirectly, from the sale of cannabis and/or related products) (the "Portfolio Companies"). However, cannabis, also known as marijuana, is classified as a Schedule I substance by the Federal government under the Controlled Substances Act of 1970. Although a majority of U.S. states have adopted laws allowing for the sale and use of marijuana under certain circumstances, including recreation in certain jurisdictions, businesses, including those in which the Adviser will invest, and possibly even the Adviser itself, will be subject to the risk of Federal prosecution and asset forfeiture. Limited partners should be aware that the Federal government may bring suit against cannabis companies and seize their assets, leaving investors such as the Adviser with no remedies to recover their investments in such companies.

*Risk Associated with State Government Regulation.* All U.S. states have passed laws relating to conspiracy, aiding and abetting and money laundering, and certain states have criminal codes providing that a person can be convicted of a crime in that state if any element of the crime occurred within that state. Certain money laundering statutes may criminalize financial transactions which involve the proceeds of certain kinds of criminal conduct, such as the sale of drugs. Additionally, state criminal and civil forfeiture laws may allow the government to seize the proceeds of criminal activity, which may be found to include assets of companies in which the Adviser invests or the Adviser's assets. Prospective limited partners should consult with local counsel before making an investment in the Adviser.

*Risk Associated with liquidity pressure from midsize or regional banks.* As a result of increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions. This pressure may be greater for mid-sized or regional banks that have less diversified customer bases or whose customer bases are concentrated in certain industries, as evidenced by the bank runs on the Silicon Valley Bank (SVB) Financial Group ("SVB") and on Signature Bank ("Signature") causing them to be placed into receivership. Because of the nature of the Fund's portfolio companies, there is a risk that they will have exposure to mid-sized or regional banks that face liquidity pressure. As a result of this environment, certain sectors of the credit markets could experience significant declines in liquidity, and it

is possible that the Fund will not be able to manage this risk effectively. It is yet to be determined how the bank runs on SVB and Signature will fully impact other financial instruments and broader economy, as well as the overall performance of the Fund and one or more of its investments.

#### **Item 9. Disciplinary Information**

This Item is inapplicable.

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

The Adviser is an exempt commodity pool operator.

Certain of the Funds for which the Adviser serves as general partner and/or investment manager have and may in the future enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund; special withdrawal rights relating to frequency or notice; a waiver or rebate in fees or withdrawal penalties to be paid by the investor and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions); and such other rights as may be negotiated by the Fund and such investor. The modifications are solely at the discretion of the Adviser and may, among other things, be based on the size of the investor’s investment in the Fund or affiliated investment entity, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor to the Fund.

In connection with the Adviser’s portfolio management activities or otherwise, the Managing Member may provide certain services to public or private companies, including serving on the board of directors of portfolio companies. The Managing Member or the Adviser may be deemed to have received fees or other economic benefits in connection with these services.

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Funds before their own interests and to act honestly and fairly in all respects in their dealings with the Funds. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. For a copy of the Code, the Funds and prospective clients may contact Mario Cibelli or Eric Hidy by email at [hidy@marathonpartners.com](mailto:hidy@marathonpartners.com), or by telephone at (212) 490-0399. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of the Fund. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Funds. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser

and its personnel are prohibited from communicating such information with respect to the Funds or using such information for the Funds' benefit.

To the extent that the Adviser or its related persons invest in the same securities that the Adviser or a related person recommends to a Fund, such practices present a conflict where, the Adviser or its related person is in a position to trade in a manner that could adversely affect the Funds. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Funds by adversely affecting the price at which the Funds' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: the Adviser requires its related persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Fund. The Managing Member preclears the Chief Compliance Officer's transactions in his personal accounts. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's related persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser also recommends to a Fund, such Fund's proxies will be voted in accordance with the Adviser's proxy voting policy and procedures designed to ensure the Adviser considers any conflicts prior to voting and votes in the best interest of the Funds. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

To the extent the Adviser buys or sells securities for a Fund, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account, the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the client.

## **Item 12. Brokerage Practice**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates; thus the Funds may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Adviser may receive research or brokerage services from a broker-dealer and/or a third party in connection with Fund securities transactions. This is known as a "soft dollar" relationship. Currently, the Adviser has no formal soft dollar arrangements in place. To the extent the Adviser enters into any soft dollar arrangements, the Adviser will limit the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

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

The Chief Compliance Officer and the Managing Member regularly review and monitor the Funds' investment portfolios to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Funds' performance.

Fund investors receive reports as described in the Funds' Offering Documents.

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

The Adviser may receive certain research or other services from broker-dealers through "soft dollar" arrangements. "Soft dollar" arrangements may create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of the Funds. Currently, the Adviser has no formal soft dollar arrangements in place.

### **Item 15. Custody**

Rule 206(4)-2 promulgated under the Investment Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Investment Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. However, the Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Funds. Please see Item 4 as well as the relevant Offering Documents for a description of any limitations the Funds may place on the Adviser's discretionary authority.

The Adviser entered into an investment management agreement with each of the Funds, which set forth the scope of the Adviser's discretion, prior to assuming full discretion in managing the Funds' assets. Each investor is also required to sign a subscription agreement and limited partnership agreement prior to investing in the Funds.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of the Fund, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to a Fund's securities, such proxies are voted in the best interests of the Fund.

If a material conflict of interest between the Adviser and the Funds exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Funds or take some other appropriate action.

For additional information about the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Funds' proxies contact Mario Cibelli or Eric Hidy at 212-490-0399 or by email at [hidy@marathonpartners.com](mailto:hidy@marathonpartners.com).

#### **Item 18. Financial Information**

The Adviser does not charge any fees six months or more in advance.

The Adviser is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments to our Clients.

The Adviser has never been the subject of a bankruptcy petition.