

## **Part 2A of Form ADV: Firm Brochure**

### **Item 1 - Cover Page**

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The date of this brochure is March 29, 2023.

**This brochure provides information about the qualifications and business practices of Boardman Bay Capital Management LLC. If you have any questions about the contents of this brochure, please contact Kenneth Brown, Chief Compliance Officer (“CCO”), at (646) 358-4181. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

**Any reference to Boardman Bay Capital Management LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

There have been no material changes to the brochure since it was last filed on March 31, 2022.

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**Item 4 - Advisory Business**

Boardman Bay Capital Management LLC (“Boardman,” “we” or “us”) filed our initial application to register as an investment adviser with the SEC on March 31, 2014 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

Boardman Bay is a Delaware limited liability company that was formed in April 2012. We are directly or indirectly owned by William B. Graves and trusts for the benefit of his family members. Mr. Graves is the managing member of, and ultimately controls, Boardman.

Boardman Bay GP LLC is the general partner (the “Hedge Fund GP”) of Boardman Bay Onshore, LP (the “Onshore Fund”) and the adviser of Boardman Bay Master, Ltd. (the “Master Fund,” and together with the Onshore Fund, the “Hedge Funds”). Boardman Bay Ventures GP LLC is the general partner (the “Ventures Fund GP”) of Boardman Bay Ventures, LP (the “Ventures Fund”) and Boardman Bay Optical GP LLC is the general partner (the “Optical Fund GP,” and together with the Hedge Fund GP and the Ventures Fund GP, the “General Partners”) of Boardman Bay Optical Opportunities, LP (the “Optical Fund,” and together with the Hedge Funds and the Ventures Fund, the “Funds”). Similar to Boardman, each General Partner is directly or indirectly owned by William B. Graves, and trusts for the benefit of his family members. Mr. Graves is the managing member of each General Partner. Each General Partner is a “relying adviser” as that term is described in the SEC Staff No-Action Letter, dated January 18, 2012, to the American Bar Association, Business Law Section. Unless and only to the extent that the context otherwise requires, references to Boardman herein are deemed to include references to each General Partner.

We provide discretionary investment advice to the Funds. Notwithstanding the foregoing, we are required to invest all of the capital of the Onshore Fund in shares of the Master Fund, other than cash and cash equivalents held for investment into the Master Fund, distributions to investors and/or payment of operating expenses. In the future, we may provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts.

Other than in respect of the Ventures Fund and the Optical Fund, our general investment and trading objective with respect to our clients is to maximize long-term returns and preserve capital primarily by taking long and short positions in individual U.S. and non-U.S. equity securities, through investments in public companies and other more liquid-type assets, as well as private companies or other restricted or illiquid assets. We seek to generate returns on both the long and short sides of the portfolio. We generally seek to engage in a trading and investment strategy with an emphasis on generating superior long-term returns versus the broader market. We generally focus on the equities of companies in the global technology, media and telecom (“TMT”) subsectors in various stages of their life cycle, although we may opportunistically invest in other sectors as well. However, our trading mandate is broad and encompasses virtually every type of asset, investment interest, security and property (real or personal) which can be traded or purchased. In our discretion, we may also invest in Crypto-Assets.

The Ventures Fund is structured as a multi-series Delaware limited partnership (each, a “Series”). In general, the strategy of each Series is to maximize capital appreciation by making an investment in a single non-public company, and to hold such investment until the initial public offering of the applicable company or some other disposition or monetization event in respect of such company and investment. As each Series is legally distinct and separate from each other

Series and pursues its own distinct investment strategy, unless the context otherwise requires, general reference herein to a “Fund” shall refer to each Series of the Ventures Fund as well.

Our general investment and trading objective with respect to the Optical Fund is to maximize long-term returns by taking long and short positions in individual U.S. and non-U.S. equity securities related to the global optical communications equipment and components sector. We seek to generate returns primarily through long exposure to single name securities that we believe have high return-on-investment (ROI) prospects.

We generally do not permit investors in the private investment funds we manage to impose limitations on the investment activities described in the offering documents for those funds. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case by case basis. (*See Item 16 “Investment Discretion.”*)

We do not participate in wrap fee programs.

As of December 31, 2022, we managed approximately \$71,079,408 in regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

#### **Item 5 - Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with our clients. Investors in the Onshore Fund pay a quarterly management fee of up to 0.375% per quarter (approximately 1.5% per annum) of the net asset value of each series within each class of interests (including any subscriptions made to the Onshore Fund as of such date and without taking into account any accrued performance based allocation), and are subject to an annual performance based allocation of up to 30% of aggregate net capital appreciation, subject to a high watermark.

Investors in Series of the Ventures Fund generally are subject to a one-time asset-based management fee of up to 1.5%, and the Ventures Fund GP is entitled to a distribution of up to 1.5% in addition to 15% - 20% of all distributions made by each Series after investors have received a return of 100% of their capital contributions to the applicable Ventures Fund Series.

Investors in the Optical Fund pay a quarterly management fee of 0.25% per quarter (approximately 1% per annum) of the net asset value of their interests (including any subscriptions made to the Optical Fund as of such date and without taking into account any accrued performance based allocation). The Optical Fund GP is entitled to between 15% and 30% of all distributions made by the Optical Fund after investors have received a return of 100% of their capital contributions to the Optical Fund.

We generally deduct our management fees from client accounts quarterly in advance and such fees are not refundable if the advisory contract is cancelled prior to the end of a payment period. Generally, other than in respect of the Ventures Fund and the Optical Fund, we or our affiliates receive performance-based fees or allocations from client accounts on an annual basis in arrears and upon redemptions by investors in the private investment funds we manage. The Ventures Fund GP and the Optical Fund GP receive performance distributions from the applicable Funds as and when they makes distributions in excess of 100% of the capital contributions made to the applicable Funds.

Our clients generally bear all operating expenses, including brokerage commissions, bank service fees, interest on loans and debit balances, borrowing charges on securities sold short, custodial fees (*See Item 12 "Brokerage Practices" below*), fees for research and analytics (including on-line news and quotation services, Bloomberg service, etc.), research materials and research-related travel and due diligence, risk management systems expenses, expenses related to the offering of the interests (including fees and expenses related to the European Union Alternative Investment Fund Manager Directive), administration, audit and tax preparation expenses, blue sky filing fees, investor reporting costs, legal, accounting and professional fees, consulting fees, fees of the fund's independent directors (if any), insurance costs, trustees fees, fees and expenses incurred in connection with preparing and filing reports relating to the client's trading activities (including under investment advisory laws), any taxes applicable to the client on account of its operations and/or investments, and any and all expenses related to the management and operation of the portfolio as well as the purchase, sale or transmittal of assets, as we shall determine in our discretion. The private funds we manage will also be responsible for all organizational fees and expenses of such funds.

To the extent we incur any expenses for the benefit of one or more private investment funds, we generally will allocate such expenses in a reasonable manner among such private investment funds. However, it is possible that under some of our advisory contracts we may not require a private investment fund to incur certain expenses, despite the fact that such fund will receive a benefit in connection with our incurrence of such expenses. In such an event, the Funds will bear the additional share of any such expenses that would have been allocable to such other private investment fund.

We may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds that are managed by other investment managers. In addition to the fees and expenses discussed above, investors will indirectly incur similar fees and expenses if we invest client's capital in such money market funds or exchange traded funds, as these funds in turn pay similar fees to their investment managers and other service providers.

Certain investors in the Onshore Fund that withdraw their interests prior to the 18 month anniversary of the issuance of such interests will be subject to an early withdrawal charge for the benefit of the Master Fund equal to up to 3% of the net asset value of the interests being withdrawn. Investors in the Optical Fund that redeem their interests prior to the second anniversary of the issuance of such interests will be subject to an early redemption charge for the benefit of the Optical Fund equal to up to 3% of the net asset value of the interests being redeemed. Voluntary withdrawals are generally not permitted from any Series of the Ventures Fund.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

We or our affiliates receive annual performance-based fees or allocations from the Funds, which are based on a percentage of the capital appreciation of the Funds' assets.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause the clients to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on the clients' net asset value and profitability. We believe that this risk is mitigated for a variety of reasons, including by virtue of a number of factors that we believe align our and our employees' interests with those of our clients.

As the management fees and performance-based fees and allocations are based directly on the net asset value of the client accounts, we have a conflict of interest in valuing the assets held in the accounts. We will follow our documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk.

We generally allocate investment opportunities so that each security held by the accounts we manage is held on a *pari passu* basis. In certain circumstances, we may allocate securities among client accounts on a different basis in a manner that we deem fair and equitable under the circumstances existing at such time. In such cases, the factors that we may consider when determining which securities to allocate to each client account include, but are not limited to, the investment objectives and restrictions of each client account; the overall portfolio composition of the client accounts; relative capital available for investment in the applicable client account; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; position size; industry exposure; market exposure; gross, net, long and short exposure; and applicable tax and regulatory considerations. New issues (as defined by FINRA rule 5130) are allocated to client accounts in accordance with the criteria set forth above.

Performance-based fees received by us or our affiliates will be in compliance with Rule 205-3 under the Advisers Act.

### **Item 7 - Types of Clients**

We primarily provide investment advice to clients who are private investment funds. Investors in such private investment funds are generally high net worth individuals, family offices, funds of hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities that qualify as “accredited investors” (as defined in Rule 501 under the Securities Act of 1933, as amended), and as “qualified clients” (as defined under Rule 205-3 under the Advisers Act). The minimum investment in the private investment funds is generally between \$250,000 and \$1,000,000. The General Partners and the board of directors of the Offshore Fund may, in their discretion, as applicable, accept lesser amounts with respect to the Onshore Fund, the Offshore Fund, the Optical Fund or any Series of the Ventures Fund, as the case may be, to the extent permitted by applicable law.

Boardman may enter into agreements (“side letters”) with certain investors that will result in different terms of an investment in the Onshore Fund, the Optical Fund or a Series of the Ventures Fund than the terms applicable to other investors. As a result of such side letters, certain investors may receive additional rights that other investors will not necessarily receive. Except as required by law or contractual obligations, in general, we will not notify other investors of any such side letters or any of the provisions of the side letters. We will not be required to offer such additional or different rights and terms to any or all of the other investors.

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

#### *A. Methods of Analysis and Investment Strategies Generally*

##### Overview

*Hedge Funds.* Other than in respect of the Ventures Fund and the Optical Fund, our objective is to maximize long-term returns and preserve capital primarily by taking long and short positions in individual U.S. and non-U.S. equity securities, through investments in public companies and other more liquid-type assets, as well as private companies or other restricted or illiquid assets.

We seek to generate returns on both the long and short sides of the portfolio. We generally seek to engage in a trading and investment strategy with an emphasis on generating superior long-term returns versus the broader market. We generally focus on the equities of companies in the TMT subsectors in various stages of their life cycle, although we may opportunistically invest in other sectors as well.

We generally employ a fundamental, research-driven approach to investing. We seek to develop a thorough understanding of the fundamentals of a business and the dynamics of an investment situation in order to identify instances in which the market has misjudged or has not recognized the future value of a particular security.

In addition to the core long and short equity positions, we deploy other targeted, opportunistic strategies when we believe that an attractive return can be achieved for our clients. Such opportunistic strategies may include, but are not limited to, investing in equity-related instruments, debt securities, interest rate securities, convertibles, futures, forward contracts, swaps and volatility-related instruments.

*Ventures Fund.* In general, the strategy of each Series of the Ventures Fund is to maximize capital appreciation by making an investment in a single non-public company, and to hold such investment until the initial public offering of the applicable company or some other disposition or monetization event in respect of such company and investment. Unless otherwise specified or the context otherwise requires, the general discussions of methods of analysis, investment strategies and risk of loss in the remainder of this Item 8 primarily relate to the Hedge Funds and Clients with similar investment objectives and strategies.

*Optical Fund.* The objective of the Optical Fund is to maximize long-term returns by taking long and short positions in individual U.S. and non-U.S. equity securities related to the global optical communications equipment and components sector. We seek to generate returns primarily through long exposure to single name securities that we believe have high return-on-investment (ROI) prospects.

For the Optical Fund, we generally employ a fundamental, research-driven approach to investing. We seek to develop a thorough understanding of the fundamentals of a business and the dynamics of an investment situation in order to identify instances in which the market has misjudged or has not recognized the future value of a particular security. Within this strategy, we will generally focus on equities of small and mid-capitalization companies in the global optical communications equipment and components sector.

For the Optical Fund, in addition to the core long and short equity positions, we deploy other targeted, opportunistic strategies when we believe that an attractive return can be achieved for the Optical Fund. Such opportunistic strategies may include, but are not limited to, investing in equity-related instruments, debt securities, interest rate securities, convertibles, futures, forward contracts, swaps and volatility-related instruments.

#### Research Approach

We seek to identify powerful, secular changes that we see as continually present in the industries that we cover. Within those industries, we seek to develop deep expertise and knowledge through immersing our professionals in the industries (i.e. “industry immersion”). The research process and framework employed by us generally focuses on fundamental and financial analysis, evaluating management expertise, security valuation and identifying variant market perceptions.

Ideas generated from this general framework may be sourced and researched through a variety of traditional, non-traditional and proprietary channels.

In order to evaluate the merits of a potential position in a company's securities, we typically perform certain tasks, which may include, but are not limited to: an analysis of products, services and competitive positioning; interviews with management teams and industry experts; contact with suppliers, customers and competitors; and a review of the financial strength and cash generating ability of the company. The research process also may involve the creation and/or consideration of detailed financial models, supply/demand analyses, external and internal surveys, sell-side expectations and valuation metrics for both the company that is being considered for an investment and its industry competitors. This development of an investment thesis typically is overlaid with historical information on the company, industry and current management team.

Our approach to research, trading and investing is flexible, adaptable and opportunistic. We may trade and invest clients capital in classic growth or value companies or companies that contain both growth and value elements. For our core strategic long investments, we focus on what we believe to be undervalued, high-quality companies that generally fall into one of four categories: (1) companies that exhibit potential for growth as compared to competitors and/or the overall economy; (2) companies with predictable and consistent earnings growth, high returns on capital and sustainable competitive advantages at reasonable prices; (3) mature companies with strong cash flow that are intelligently allocating their capital; and/or (4) companies undergoing restructurings or with identifiable catalysts for change that may amplify returns.

For short positions, we focus on fundamental shorts in what it believes to be overvalued companies, which may include companies with declining market share, with eroding profit margins, experiencing secular decline, facing actual or alleged fraud, and/or those that are underperforming relative to the market in which they compete. We will seek to utilize such shorts as a profit center, not just as a means to hedge the portfolio.

#### Our Process

Our initial thesis for a security may warrant a position in the portfolio after a broader discussion among our team – a discussion which may include consideration of research methods employed, the financial analysis conducted, the current valuation of the security based on multiple valuation measures, the reasons to invest and the risks of the potential investment.

If the proposed investment is determined to have a favorable risk/reward profile, our clients typically make an initial investment in the security or its related instruments. Over the following days, weeks or months, we continually assess whether a larger position is warranted. During this time, we may continue to visit or otherwise interact with the subject company and its suppliers, customers and/or competitors in order to refine their investment thesis. We strive to have a full position by the end of this period, or to have liquidated the position if further research shows that original expectations are not likely to be fulfilled or that the thesis is no longer valid.

We generally determine the length of time our clients should hold a position by analyzing the security's changing risk/reward profile relative to other opportunities. The weighting of each position in the portfolio will typically reflect its relative risk/reward at current valuations, and this relationship is continually monitored. Throughout a position's holding period, we seek to trade the position opportunistically. Shorts generally have a shorter time horizon than long positions and are more catalyst driven and opportunistic.



### Risk Management

Aggregate portfolio risk exposures are continuously monitored, reviewed and managed by us. Performance and exposure information is monitored on an intra-day basis. We typically consider, among other things, the liquidity of the underlying securities and the overall portfolio, long/short ratios (the ratio of long exposure to short exposure), leverage, position sizing, market and single-security sentiment, and other risk metrics, such as VaR (value at risk). We generally will employ low to moderate leverage. We generally employ “stop losses” which are modified as conditions dictate.

When measuring the exposures of securities and other financial instruments in the portfolio, we typically consider the market value of such positions, but may likewise consider the beta-adjusted value, the potential absolute loss and, in the case of certain derivative instruments, the delta-adjusted value. We also may attempt to mitigate the effects of macroeconomic risk on the portfolio (including market, regional, currency, political and/or industry sector risks).

Although we are not subject to fixed diversification requirements, we employ general guidelines and seeks to mitigate security selection risk by diversification, hedging, position size limits, loss limit strategies and other risk management considerations.

### Opportunistic Flexibility

Our focus on fundamental analysis inherently involves analysis of: securities across a company's capital structure; non-company specific financial instruments; broader market developments; and macroeconomic factors. As a result, we remain mindful of opportunistic investments to increase the performance potential of our the funds and accounts we manage and/or to hedge a particular risk embedded in an underlying position.

For example, we may conclude that: (i) an investment opportunity higher in the capital structure of a company presents a better risk/reward potential than the company's equity securities, (ii) a non-company specific security is more liquid or has greater profit potential than a company-specific equity; and/or (iii) other investment opportunities can enhance the performance of a client's portfolio, such as investing in interest rate securities, convertibles, futures, forward contracts, swaps, volatility-related instruments, over-the-counter and exchange-traded instruments (including exchange-traded funds and derivative instruments such as options, swaps, futures and options on futures) relating to equities, equity indices, credit risk and credit indices, foreign currencies and physical commodities, and investments through one or more existing or future U.S. or non-U.S. government-sponsored or guaranteed programs. We believe that its research is equally applicable to these types of instruments.

We generally are not limited with respect to the types of investment strategies we may employ, the markets or instruments in which it may invest or the percentage of its capital that may be invested in such strategies, markets or instruments. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives or employ other techniques we consider appropriate and in the best interest of our clients.

We may make or designate any investment on behalf of a private investment fund that is designated as a “special investment” or a “side pocket.”

The methods of analysis and the investment strategy that we may employ for other private investment funds and/or separately managed accounts that we may advise in the future may differ

from the methods and strategy set forth above and will be set forth in the offering documents and/or investment advisory contracts, as applicable, with such private investment funds and/or separately managed accounts.

#### Crypto-Assets

A portion of the Hedge Funds' portfolios may be invested in Crypto-Assets. Crypto-Assets are generally not backed by any government or any other regulated entity or organization. At present, Crypto-Assets have no significant use or function other than as a speculative vehicle, and their value depends exclusively on market demand. Market demand is shaped by a virtually unlimited number of factors, and, in the case of speculative vehicles that have a relatively short history, like Crypto-Assets, is fragile. Any decrease in the market's appetite for (or confidence in) a particular Crypto-Asset, or the asset class as a whole, could cause a cascading effect on the price of such Crypto-Asset and result on significant losses to the Hedge Funds.

The Hedge Funds may transact with private buyers or sellers or on virtual exchanges. Many of such exchanges will be located outside of the United States and will not be subject to U.S. jurisdiction or regulation by the SEC or the Commodity Futures Trading Commission ("CFTC"). The exchanges on which Crypto-Assets trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other financial products.

Crypto-Assets' value depends in part on the basis of the innovation that a particular Crypto-Asset offers and the dedication and competence of the team supporting it. These development teams range from a single person to an entire team of dedicated developers. Successful Crypto-Assets generally develop a dedicated community that supports and contributes to the growth of the Crypto-Asset. Crypto-Assets that do not develop an active following will generally not increase in value.

Depending on the method in which transactions are executed, the Hedge Funds may take on credit risk when purchasing or selling Crypto-Assets, and their contractual rights with respect to such transactions may be limited. Although the Hedge Funds' transfers of Crypto-Assets or cash will be made to or from a counterparty that we believe is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Hedge Funds' Crypto-Assets or cash could be transferred in incorrect amounts or to unauthorized third parties, which would likely result in a loss to the Hedge Funds.

The Hedge Funds' investments in Crypto-Assets will be speculative and they may realize losses on all or part of their investments in Crypto-Assets.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

#### *B. Certain Risks Associated with Methods of Analysis and Investment Strategies*

An investment in a Fund involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with making such an investment.

**General Risk Factors**

The following risks primarily pertain to the Hedge Funds and Clients with similar strategies, although some may also apply to the Ventures Fund and the Optical Fund as well.

**Investment and Trading Risks**

All securities trading risks the loss of capital. Boardman believes that its trading program and research techniques will moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that the trading program will be successful. The trading program may utilize such techniques as trading in put and call options and other derivatives, short sales and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which our clients may be subject.

In certain transactions, a portfolio may not be “hedged” against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject issuer or the degree of legal and regulatory risk associated with investments in the securities of companies in such situations. This can result in losses, even if the proposed transaction is consummated.

Boardman will attempt to assess the foregoing risks, and others, in determining the extent of the position the clients will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated.

**Investment Analysis**

When assessing investment opportunities, Boardman relies on resources that may have limited or incomplete information. In particular, Boardman relies on publicly available information and data filed with various government regulators or made directly available to Boardman by the issuers of securities or through sources other than the issuers. Although Boardman expects that it will evaluate information and data as it deems appropriate and will seek independent corroboration when reasonably available, Boardman will not evaluate all publicly available information and data and is not in a position to confirm the completeness, genuineness or accuracy of the information and data that it evaluates.

As a result, there can be no assurance that the due diligence exercise carried out by Boardman will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities. Any failure to have identified the relevant facts may result in an inappropriate investment decision, which may have a material adverse effect on the value of any investment in our clients.

**Leverage**

Subject to applicable regulations, Boardman may use leverage when it deems appropriate, including the use of borrowed funds and investments in certain types of derivatives and options, such as puts, calls, swaps and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the portfolios the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the we purchase securities for our clients with borrowed funds, the clients’ assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest

rates generally, and the rates at which such funds may be borrowed in particular, could affect the return of the portfolios. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the accounts were not leveraged.

### **Short Sales**

A short sale involves the sale of a security that a client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the client must borrow the security and the client is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the client. When the client makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. The extent to which we will engage in short sales on behalf of our clients will depend upon our strategy and perception of market direction and the value of individual securities. We may engage in short sales as a hedge against potential market declines and/or based on its fundamental analysis of the subject issuers.

### **Call Options**

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

### **Put Options**

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

### **Foreign Investments**

We may trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S., as well as securities and other instruments of companies having substantial profits and/or revenues generated in non-U.S. currencies. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

### **Foreign Exchanges**

We may trade on non-U.S. exchanges, where the protections provided by U.S. regulations do not apply. Some non-U.S. commodity exchanges, for example, in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a commodity interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. Due to the absence of a clearing house system on certain foreign markets, such markets are significantly more susceptible to disruptions than are U.S. exchanges. Trading in such markets potentially is subject to greater risks than trading in the U.S. In addition, our clients are subject to the risk of the inability or refusal of their counterparties to perform with respect to their contracts. We also may not have the same access to certain trades as do various other participants in non-U.S. markets.

### **Price Risk**

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Funds invest may decline or rise substantially. In particular, purchasing assets at prices that may appear to be “undervalued” is no guarantee that such assets will not be trading at even more “undervalued” levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be “overvalued” is no guarantee that such assets will not be trading at even more “overvalued” levels at the time of valuation or at the time of sale.

### **Derivatives Generally**

Derivative instruments, or “derivatives,” include options, swaps, futures, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. We may seek to acquire derivatives for these reasons. There is no assurance that derivatives that we wish to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements of the underlying asset. Therefore, many of the risks applicable to trading an underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement in the underlying asset can not only result in the loss of the entire investment, but may also expose our clients to the possibility of a loss exceeding the original amount we invested. Over-the-counter (“OTC”) derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, our clients are subject to the credit risk of the counterparty.

We may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the client and legally permissible. Special risks may apply to instruments that are invested in by our clients in the future that cannot be determined at this time or until such instruments are developed or invested in by our clients.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) enables the CFTC and the SEC to enact new regulations on certain OTC derivatives. Pursuant to CFTC regulations, certain OTC derivatives contracts (including certain interest rate swaps and certain credit default index swaps) are required to be traded on regulated trading platforms (i.e., swap execution and facilities) and cleared through registered clearing organizations subject to regulation by the CFTC. Such contracts are traded more like futures and options contracts, and parties to such transactions trade standardized contracts and face clearing organizations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated bilateral OTC agreements. In the future, additional categories of OTC derivative contracts may be subject to mandatory clearing. The SEC recently adopted rules establishing margin, capital and collateral segregation requirements for security-based swap dealers. These rules became effective on October 6, 2021, which was the registration deadline for security-based swap dealers.

The effect that the foregoing regulatory changes will continue to have on the price of derivative contracts, liquidity and administrative costs, and the effects resulting from increased transparency, among other things, still remains unclear. In addition, the CFTC and SEC are both expected to conduct further rulemakings and potentially revisit previous finalized rules with respect to the Dodd-Frank Act. Depending upon any such changes, there may be significant differences in the future with respect to the risks associated with derivatives trading. The impact of any such changes is currently unknown, and we do not undertake to update investors upon such changes or upon finalization of any CFTC or SEC regulations promulgated under the Dodd-Frank Act.

#### **Discontinuation of LIBOR.**

Many financial instruments use or have used a floating interest rate based on the London Interbank Offered Rate, or “LIBOR,” which is the offered rate for short-term Eurodollar deposits between major international banks. On March 5, 2021, the U.K. Financial Conduct Authority announced that certain LIBOR settings (all seven Euro and Swiss franc LIBOR tenors, overnight, one-week, two-month and 12-month sterling LIBOR, spot next, one-week, two-month and 12-

month yen LIBOR, and one-week and two-month U.S. dollar LIBOR) will permanently cease immediately after December 31, 2021. Publication of the overnight, 1, 3, 6 and 12-month U.S. dollar LIBOR settings will permanently cease immediately after June 30, 2023. However, the U.S. federal banking agencies have issued guidance strongly encouraging banking organizations to cease using U.S. dollar LIBOR as a reference rate in new contracts as soon as practicable and in any event for contracts effective as of January 1, 2022. Transition away from LIBOR as a benchmark reference for interest rates may affect the cost of capital and may require amending or restructuring debt instruments and related hedging arrangements for our clients and their portfolio companies, and may impact the value of floating rate instruments based on LIBOR that are held or may be held by our clients in the future, which may result in additional costs or adversely affect our clients' liquidity, results of operations and financial condition. Additionally, the automated systems used to administer loans in which our clients may invest likely have been developed based on LIBOR, and there may be operational costs or difficulties and/or required updates and modifications as and when LIBOR is phased out. Industry participants continue to consider alternatives to LIBOR, and it is unclear what the prevailing reference rate will be or if more than one reference rate might be used following LIBOR's scheduled discontinuation. As an alternative to LIBOR, the U.S. Federal Reserve has announced that it is considering replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements, backed by U.S. Treasury Instruments, which is not credit sensitive. It remains unclear whether alternative reference rates such as SOFR will attain market acceptance as the sole replacements for LIBOR, and currently there is no definitive successor rate. As such, it is not possible to predict all potential effects of these changes on U.S. and global credit markets.

### **Credit Default Swaps**

We may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default swap contract requires the credit protection seller to pay to the credit protection buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of securities and/or loans or a portfolio of securities and/or loans issued by the reference entity that are considered to be "deliverable obligations" under the credit default swap. In return for payment upon a credit event, the buyer of credit protection makes periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

As a seller of credit protection under credit default swaps, our clients incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks they would incur if they were holding debt securities or loans issued or borrowed by the reference entity. However, our clients will not have any legal recourse against the reference entity, and, unless they holds the debt securities or loans, will not have the rights of the holders of such reference entity's debt securities or loans. In some cases, the holders of the reference entity's debt securities may have rights and claims against the reference entity that may not inure to the benefit of a seller of credit protection.

As a buyer of credit default swaps, our clients are subject to certain risks. In circumstances in which a client does not own the debt securities that are deliverable under a credit default swap, the client is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called "short squeeze." In certain instances of issuer defaults or restructurings, it has been unclear under the standard

industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

### **Futures Trading**

We may trade futures on behalf of our clients. We are not registered with the CFTC as a commodity pool operator or commodity trading advisor. However, we may trade a limited amount of futures contracts for our clients without so registering in reliance on an exemption from registration under CFTC Rule 4.13(a)(3). As a result, Boardman, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document and annual report to investors, and will not be subject to certain other disclosure and recordkeeping rules applicable to registered entities.

Futures trading is very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day’s close. In such an instance, a client might be unable to adjust its positions in time to avoid a loss.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from promptly liquidating unfavorable positions and subject a client to substantial losses. In addition, the Dodd-Frank Act significantly expands the CFTC’s authority to impose broader aggregate position limits.

### **Forward Trading**

We may engage in forward trading on behalf of our clients. Deliverable forward contracts (including certain foreign exchange contracts) and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to clients.

### **Convertible Securities**

We may trade in convertible securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the



market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by a client is called for redemption, such will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on Boardman's ability to achieve the client's trading objective.

### **Hedging Transactions**

We may utilize financial instruments, both for investment purposes and for risk management purposes in order (i) to protect against possible changes in the market value of a client's portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) to protect a client's unrealized gains in the value of its portfolio; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any investment in the portfolio; (v) to hedge the interest rate or currency exchange rate on any of a client's liabilities or assets; (vi) to protect against any increase in the price of any securities we anticipate purchasing at a later date; or (vii) for any other reason that we deem appropriate.

The success of our hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a client than if it had not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent us from achieving the intended hedge or expose the client to risk of loss. We may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the client's portfolio holdings.

### **Purchasing Securities in Initial Public Offerings**

We may purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for a client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged 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.

### **Non-Controlling Investments; Third Party Involvement**

We may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies. However, as a condition to an investment in a portfolio company, it is expected that appropriate rights generally will be sought to protect our interests to the extent possible. There can be no assurance that such minority investor rights will be available. In addition, such arrangements may restrict the Fund's ability to dispose of its investments for potentially significant periods of time.

In addition, we may co-invest with third parties through jointly owned acquisition vehicles, partnerships, joint ventures or other structures, which third parties may have larger or controlling ownership interests in or governance rights over such investment vehicles. Such investments may involve risks, some of which are present in investments where a third party is involved, in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor may have economic or business interests or goals that are inconsistent with ours, or may be in a position to take (or block) action in a manner contrary to our investment objectives. In addition, we may, in certain circumstances, be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements, including carried interests distributions and/or other fees and profit-sharing arrangements payable to such third-party partners or co-investors. Co-investments may also involve higher costs than other investments. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of our clients' interests.

### **Board Participation**

We may be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to our investment strategy and may enhance our ability to manage the portfolio investments, they may also have the effect of impairing our ability to sell the related securities when, and upon the terms, it may otherwise desire. The designation of representatives, observers, directors and other measures contemplated could expose the assets of clients to claims by a portfolio company, its security holders, creditors and regulators, including the claims that a client is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures could also result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims, including claims for indemnity, against a client if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal or regulatory principles or regimes; and could expose a client to claims that it has interfered in management to the detriment of a portfolio company. In general, clients will indemnify Boardman from such claims. While Boardman intends to manage clients in a way that will minimize its exposure to these risks, the possibility of successful claims cannot be precluded.

### **Accuracy of Information**

We select investments for clients, in part, on the basis of information and data filed with various government regulators or made directly available to us by a company or through other sources. Although we evaluate all such information and data and ordinarily seeks independent corroboration when we consider it is appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data,

and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

### **Use of Leverage by Portfolio Companies**

Certain portfolio companies in which we invest may be highly leveraged. Leverage may have important adverse consequences to such portfolio companies. Lenders may subject these companies to restrictive financial and operating covenants and leverage may impair these companies' ability to finance their future operations and capital needs. As a result, the flexibility of these companies to respond to changing business and economic conditions and to business opportunities may be impaired. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

### **Inside Information**

From time to time, us and our affiliates may come into possession of inside information concerning specific companies. Under applicable securities laws, this may limit our ability to buy or sell securities issued by such companies. If a client holds the securities of a company with respect to which we are in possession of inside information, such client may be restricted from trading the securities of such company for an indefinite period of time, which could result in losses to such client.

### **Counterparty Risk**

Our clients' assets may be held in one or more accounts maintained for such clients by counterparties, including prime brokers. There is a risk that any of such counterparties could become insolvent. The insolvency of a client's counterparties is likely to impair the operational capabilities and/or the assets of the client. Although we regularly monitor the financial condition of the counterparties we use, if one or more of our clients' counterparties were to become insolvent or the subject of liquidation proceedings in the U.S. (either under SIPA or the U.S. Bankruptcy Code), there exists the risk that the recovery of the clients' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. In addition, we may transact with counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a client's assets are subject to substantial limitations and uncertainties. Clients should assume that the insolvency of any counterparty would result in a loss to clients, which could be material.

### **Inflation Risk.**

Due to a convergence of different economic factors, including scarcity of workers, pent-up demand and insufficient supply, inflation has recently hit a 30-year-high. High inflation may undermine the performance our investments by reducing the value of such investments and/or the income received from such investments.

Generally, for example, when inflation rises, the U.S. Federal Reserve will increase interest rates to decrease borrowing, driving the value of the dollar down even as the cost of goods rises and spending power drops. This generally causes bond yields (i.e., interest) to increase, as investors demand compensation for inflation risk. As a consequence of the foregoing, investors may begin

to avoid investments in bonds, thereby depressing the value of such bonds and any investment therein. Furthermore, for example, on discounted cash flow calculations and the presumption that interest rates will change, growth stocks are typically negatively impacted by high inflation. Rising inflation is also expected to lead to general market uncertainty and therefore could impact all types of investments made by us.

There is no guarantee that we will have positive performance even in, or especially in, environments of sharply rising inflation. There is no guarantee that we will be able to successfully mitigate inflation risk or that interest rates will match changes in inflation rates.

### **Changes and Uncertainty in U.S. and International Regulation**

Our clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which our clients' assets are exposed through their investments or investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of investments held by the Funds or the Funds' ability to pursue their trading strategies. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause us to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve the clients' trading objectives. We do not undertake to update investors upon finalization of any such regulations.

In the United States, we and our clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the CFTC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result in us and our clients becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to our clients. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on us and our clients is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made. There is speculation that some of the provisions of the Dodd-Frank Act and rules and regulations promulgated thereunder may be revised, repealed or amended. The impact of any such changes is unknown. We do not undertake to update investors upon such changes or finalization of any such regulations.

In 2021 and 2022, the SEC released a wave of proposed rules and/or rule amendments that would directly and materially impact private fund advisers such as Boardman (the "Private Fund Proposals"). The adoption of all or any part of the Private Fund Proposals would result in Boardman and our clients becoming subject to additional regulatory compliance burdens, which may add significant costs to, or have other adverse impacts on, our clients. Furthermore, we may have to amend certain of its policies and procedures and/or the terms of our clients applicable to investors in order to comply with the Private Fund Proposals, which could adversely impact investors, including bearing costs associated with revising fund documentation.

**Coronavirus and Global Health Events**

Epidemics, pandemics and other widespread public health problems could adversely affect the Funds' performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries and resulting in financial disruptions of an extent that remains unclear. On March 11, 2020, the World Health Organization assessed that the outbreak can be characterized as a pandemic. Many countries imposed restrictions on travel and strict measures of social distancing.

As the final impact on global markets from COVID-19, or future epidemics, pandemics or other health crisis, is impossible to predict, the extent to which any such crisis may negatively affect the Funds' performance or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to this pandemic have resulted in and are expected to continue to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to such an outbreak, have caused and are expected to continue to cause uncertainty in the markets and businesses and have adversely affected and are expected to continue to adversely affect the performance of the U.S. and global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to such an outbreak, governmental fiscal and economic measures have led, and will likely continue to lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and the global economy. Although vaccines for COVID-19 are being distributed, distribution is lagging and/or uptake is erratic in certain regions. In addition, certain "variants" of the coronavirus that causes COVID-19 have emerged, and may continue to emerge, and the effectiveness that the COVID-19 vaccines have, or will have, against such variants is unclear. It is impossible to predict when or whether the disruptions caused by the COVID-19 pandemic will end.

The impact that pandemics and other public health events will have on the performance of the Funds in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, particularly in the United States, all of which are beyond the Funds' control.

**Business Continuity**

Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt our business and operations, or the business and operations of any counterparty or service provider to us or the Funds, and the Funds may be adversely affected thereby. For example, if a significant number of our personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), our ability to effectively conduct the Funds' business could be severely compromised. In addition, the cost to the Funds, us or our affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could

be considerable. While we have adopted certain policies and procedures designed to restore and/or continue our business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Funds may be adversely affected thereby.

### **Market Disruption Events and Geopolitical Risks**

The Funds may trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a “Market Disruption Event”), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for the Funds to value the positions that trade in the affected markets, and the Funds may be exposed to significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Funds’ investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear the Funds’ trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of the Funds to trade their positions. Market Disruption Events could also have a direct physical impact upon the Funds’ and/or our operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While the Funds have taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that the Funds would not suffer material adverse consequences should a Market Disruption Event occur.

### **Russia Disruption Risk**

In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, and NATO countries generally, including the United States. In response to the military action by Russia, various countries, including the United States, the United Kingdom, and European Union issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. Additional sanctions may be imposed in the future. Such sanctions (and any future sanctions) and other actions against Russia have, and may in the future continue to, adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining, engineering and defense and defense-related materials sectors; result in a decline in the value and liquidity of Russian securities; result in boycotts, tariffs, and purchasing and financing restrictions on Russia’s government, companies and certain individuals; weaken the value of the ruble; downgrade the country’s credit rating;

freeze Russian securities and/or funds invested in prohibited assets and impair the ability to trade in Russian securities and/or other assets; and have other adverse consequences on the Russian government, economy, companies and region. Further, several large corporations and U.S. states have announced, and some have executed, plans to divest interests or otherwise curtail business dealings with certain Russian businesses.

The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets of the world (including Europe and the United States), companies in other countries (particularly those that have done business with Russia) and on various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies and have a negative effect on the Funds' investments and performance beyond any direct exposure to Russian issuers or those of adjoining geographic regions. In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies outside of Russia, which may negatively impact such countries and the companies in which the Funds invest. Accordingly, there may be heightened risk of cyberattacks which may result in, among other things, disruptions in the functioning and operations of industries or companies around the world, including in the United States and Europe.

The extent and duration of the military action or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant impact on the Funds' performance and the value of an investment in a client, particularly with respect to Russian exposure.

### **Brexit**

In June 2016, the electorate in the United Kingdom (the "UK") voted in favor of leaving the European Union (the "EU") (commonly referred to as "**Brexit**"). Thereafter, in March 2017, the country formally notified the European Council of its intention to withdraw pursuant to Article 50 of the Treaty on European Union. Following a general election, UK's parliament ratified the withdrawal agreement, and the UK left the EU on January 31, 2020. Effective January 1, 2021, the UK officially separated from the EU and accordingly, the British and EU economies will no longer have the close regulatory alignment of prior decades. Nevertheless, the UK and EU have settled on a deal that will enable the continuation of free trade between the UK and EU.

The effect of this settlement may bring a period of legal, regulatory and political uncertainty. An exit by the UK from the EU may ultimately impact Boardman and its investments (and their underlying issuers) in a variety of ways, not all of which are currently readily apparent. Further, Brexit could adversely affect European and worldwide economic or market conditions and could contribute to instability in global financial markets. Brexit has led, and will likely continue to lead to legal uncertainty and potentially divergent national laws and regulations. In addition, there is the potential for other EU countries to follow the UK and exit the EU. The final implications of the withdrawal process could cause an extended period of uncertainty and market volatility, not just in the UK but throughout the EU, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on us or our clients from an economic, financial or regulatory perspective, but any such impact could adversely affect our investments.

**Risks Relating to the Hedge Funds and the Optical Fund**

In addition to some of the risks set forth above, the following risks primarily relate to the Hedge Funds and the Optical Fund.

**Sector Risk**

Boardman generally focuses on the equities of companies in the TMT sector and sub-sectors. The Optical Fund generally focuses on the equities of companies in the global optical communications equipment and components sub-sector of the TMT sector. These sector(s) are characterized by increasing competition and regulation. Companies in these sector(s) may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. Technological innovations may make the products and services of companies in these sector(s) obsolete. Any such events may adversely affect the investments in a company in such sector(s). In addition, these sector(s) are highly dependent upon intellectual property, a field that has encountered increasing litigation in recent years. If any of the companies in which a Fund invests are alleged to infringe the intellectual property rights of a third-party, any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim. There can be no assurance that a company would prevail in any such litigation. If a company were to lose a litigation relating to intellectual property, the company could be forced to pay monetary damages and to cease the sale of certain products or the use of certain technology or other intellectual property. Any of the foregoing may adversely affect a Fund's performance.

**Concentration of Investments**

As described above, the Hedge Funds' and the Optical Fund's assets are concentrated in positions in companies in the TMT sector. They are not restricted in the amount of capital that they may commit to this industry sector, nor are they restricted in the amount of capital that they may commit to any single security or issuer. The result of such concentration of investments is that losses incurred in such investments could have a material adverse effect on their overall financial conditions and could significantly reduce their capital. This is because the value of their portfolios will be more susceptible to any single occurrence affecting one or more of those issuers or industry sectors than would be the case with a more diversified investment portfolio. In particular, losses incurred in investments in the TMT sector could have a material adverse effect on the Hedge Funds' and the Optical Fund's overall financial conditions and could significantly reduce their capital.

Technology companies are subject to rapid changes in technology, worldwide competition, rapid obsolescence of products and services, loss of patent protections, cyclical market patterns, evolving industry standards and frequent new product introductions.

Telecommunications companies can be adversely affected by, among other things, changes in government regulation, intense competition, dependency on patent protection, and rapid obsolescence of products and services due to product compatibility or changing consumer preferences. Telecommunications companies are also subject to risks, such as a market characterized by the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology, and technological innovations that may make various products and services obsolete.



**Investments in Private Companies**

The Hedge Funds and the Optical Fund may from time to time invest in private companies (i.e., companies without any publicly-traded securities). Investments in private companies are subject to various risks, including the illiquidity of the investment being made. They may be unable to sell their interest in a private company because there may be no market for such interests. In addition, when investing in a private company, there is no market efficiency or testing in order to determine the correct price for interests in the company. Therefore, they could pay more for interests in a private company than their intrinsic value. Typically, private companies will have very limited reporting obligations, so there may be limited or no information available to investors such as the Hedge Funds and the Optical Fund regarding, among other things, a private company's business prospects and results of operations. Private companies frequently have less oversight from independent directors and regulatory agencies and have less seasoned management teams.

**Equity Investments**

The Hedge Funds' and the Optical Fund's equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Hedge Funds and/or the Optical Fund may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the partnerships necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity securities fluctuate in value in response to many factors, including the activities and financial condition of issuers, the market in which such companies compete as well as market conditions and general economic environments. Equity investments are subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments. The Hedge Funds and the Long Fund will invest in, or otherwise have exposure to, both listed securities that are traded on a securities exchange and unlisted securities that are traded over-the-counter. The volume of trading in unlisted securities is generally less than that found on securities exchanges. Therefore, it may be more difficult to buy and sell these securities, which increases the volatility of their share prices. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

**Small to Medium Capitalization Companies**

The Hedge Funds and the Long Fund may invest its assets in the stocks of companies with small-to medium-sized market capitalizations. While Boardman believes these investments often provide significant potential for appreciation, these stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

## SPAC Investments

The Hedge Funds will, and the Optical Fund may, invest in special purpose acquisition companies or “blank check” companies (“SPACs”). SPACs often have no operating history or ongoing business other than to seek a potential acquisition. Accordingly, the value of their securities is particularly dependent on the ability of the entity’s management to identify and complete a profitable acquisition. A number of factors can affect whether a SPAC will effect a successful transaction, including the loss of key personnel of a SPAC. In addition, an investment in a SPAC runs numerous additional risks, each of which could have an adverse effect on the Hedge Funds and/or the Long Fund, as applicable, including, without limitation, the sponsor of the SPAC being unable to complete a successful business combination, interests in the SPAC becoming subject to forfeiture or detrimental earn out provisions, limited liquidity during the life of the SPAC in the event that the Hedge Funds and/or the Long Fund, as applicable, seek to exit its investment both before and after a business combination and having limited to no voting authority and relying entirely on third party actors.

Depending on the particular SPAC, the public shareholders of such SPAC may have certain rights that may affect the ability of the SPAC to realize a successful business combination target. For example, certain public shareholders may have the ability to convert their shares for cash or exercise conversion rights with respect to a large number of the SPAC’s shares, both of which may make the SPAC sponsor’s financial condition unattractive to potential business combination targets. This, in turn may make it difficult for the sponsor to enter into a business combination with a target. Such inability can have an adverse effect on the success of the Hedge Funds’ and the Long Fund’s investments.

SPACs are often under time constraints to effect a successful business combination. The requirement that a SPAC complete its initial business combination within a short time period (which often ranges from a year and a half to two year after the closing of a SPAC’s public offering) may give potential target businesses leverage over such a SPAC in negotiating a business combination and may limit the time such SPAC has in which to conduct due diligence on potential business combination targets as it approaches its dissolution deadline. This could undermine the SPAC’s ability to complete its business combination on terms that would produce value for its shareholders. Moreover, any potential target business with which a SPAC may enter into negotiations concerning a business combination will be aware that it must complete its business combination within a certain time frame. Consequently, such target business may obtain leverage over the SPAC in negotiating a business combination, knowing that if the SPAC does not complete its business combination with that particular target business, it may be unable to complete its business combination with any target business. Such considerations and potential detriments may adversely affect the Hedge Funds’ and the Long Fund’s investments.

SPAC shares are listed and traded on public exchanges, such as NASDAQ or the NYSE. Any exchange may delist a SPAC’s securities from trading on its exchange, which could limit investors’ ability to make transactions in such securities and subject the SPAC to additional trading restrictions. Additionally, SPAC sponsors will likely be required to demonstrate compliance with the various exchange listing requirements and standards, which can be burdensome and costly. There can be no assurance a given SPAC will meet those standards, and can accordingly be delisted from an exchange.

Changes in laws or regulation, or a SPAC’s failure to comply with any such laws and regulations, may adversely affect its business, including its ability to negotiate and complete its business combination, and results of operations. SPACs are subject to laws and regulations enacted by

national, regional and local governments. In particular, they are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on such SPAC's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on its business, including its ability to negotiate and complete its initial business combination, and results of operations. Such legal or regulatory pitfalls could adversely affect the Hedge Funds' and the Long Fund's investments.

### **Risks Relating to the Hedge Funds**

#### **Limited History of Crypto-Assets**

Digital currencies have only gained commercial acceptance within the past decade and, as a result, there is little to no data on their long-term investment potential. Potential changes to Crypto-Assets may expose the Hedge Funds to additional risks which are impossible to predict as of the date of this brochure. This uncertainty makes any investment in Crypto-Assets even riskier.

#### **Limited Liquidity of Crypto-Assets**

Markets for Crypto-Assets may have limited liquidity or may experience significant falloffs in liquidity for a number of reasons including technological developments, political events and trends, currency exchange rates, regulatory policy, consumer demand, and innumerable other factors. The Hedge Funds may invest into "young" Crypto-Assets (including through ICOs) that may operate with limited liquidity for extended periods of time, before a liquid market develops, with no guarantees that one will develop. Future adverse developments could result in the complete inability of the Hedge Funds to dispose of its investments. In addition, the Hedge Funds may hold a significant number of Crypto-Assets for which no market exists and they may be able to dispose of these Crypto-Assets only at substantial discounts or losses, if at all. Liquidity limitations may cause the Hedge Funds to be unable to sell assets and/or investments in their portfolios or may only allow them to do so at unfavorable prices, and may prevent them from realizing investment gains or limiting investment losses in a timely manner. Such "liquidity risk" could adversely impact the value of the Hedge Funds' investments, and may be difficult or impossible to hedge against. Because of the nature of the Hedge Funds' investment strategies, certain investments may have to be held for a substantial period of time before they can be liquidated and some investments may be impossible to liquidate. The Hedge Funds' investments may experience sudden and irreversible declines in value. The Hedge Funds may also make certain speculative purchases of Crypto-Assets, which may include Crypto-Assets which we believe to be undervalued. There can be no assurance that Crypto-Assets which we believe to be undervalued are, in fact, undervalued, nor can there be any assurances that undervalued Crypto-Assets will ever increase in value.

#### **Crypto-Asset Price Volatility**

Currently, there is relatively small use of Crypto-Assets in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Hedge Funds. As relatively new products and technologies, Crypto-Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of Crypto-Asset demand is generated by

speculators and investors seeking to profit from the short- or long-term holding of bitcoins or other Crypto-Assets. The relative lack of acceptance of Crypto-Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Crypto-Assets. A lack of expansion by Crypto-Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their value, either of which could adversely impact the value of the Hedge Funds' positions.

### **The price of Crypto-Assets on public Crypto-Asset exchanges has a limited history**

During such history, Crypto-Asset's prices have been volatile and subject to influence by many factors including the levels of liquidity on Crypto-Asset exchanges. Even the largest Crypto-Asset exchanges have been subject to operational interruption, limiting the liquidity of Crypto-Assets on various Crypto-Asset exchanges and resulting in volatile prices and a reduction in confidence in the exchanges.

### **Global Demand for Crypto-Assets**

There is no guarantee that there will be continued demand for Crypto-Assets. We cannot know or predict the reasons for changes in global demand of Crypto-Assets. Some reasons could include, but are not limited to: (i) other technologies or stores of value may prove better choices for consumers and investors, (ii) global economic, political, and other situations and events may halt or reduce demand, either temporarily or permanently, (iii) the ability to obtain, buy, deposit, hold, store, withdraw, transfer, sell, exchange or otherwise use Crypto-Assets becomes limited, and (iv) the cost to obtain, buy, deposit, hold, store, withdraw, transfer, sell, exchange or otherwise use Crypto-Assets increases.

### **Global Supply of Crypto-Assets**

If the global supply of the Crypto-Assets owned by the Hedge Funds increases, either suddenly or over a longer time period, the price of those Crypto-Assets could decrease, causing an adverse effect on the Hedge Funds. We cannot know or predict the reasons for changes in global supply of Crypto-Assets. Reasons could include, but are not limited to: (i) the inherent properties of some Crypto-Assets may allow for a large or even unlimited supply, and more coins may enter the market via transaction validation activities, Crypto-Assets' founders or others increasing the number of coins in existence, or other reasons, (ii) transaction validators dumping a large volume of Crypto-Assets on the market, either because transaction validation incentives are not high enough and validators need funds, or for another reason, (iii) other large holders dumping a large volume of Crypto-Assets on the market, such holders could include the Crypto-Assets' creators, seed investors, transaction validators, banks, institutional investors, private and public funds, and others, and (iv) the number of Crypto-Assets increasing, as new Crypto-Assets are created and additional ICOs occur.

### **Market Manipulation**

The Crypto-Asset markets are new and unregulated. In the past, such markets have been targets of market manipulation, which could adversely affect holders of the underlying assets, including the Hedge Funds. Crypto-Asset transaction validators or other syndicates could collude to raise and lower prices artificially. Individuals, entities, or groups could conspire to manipulate prices through "pump-and-dump" strategies, or other tactics. Other schemes, syndicates, groups, or individuals could play a part in manipulating markets to the detriment of the Hedge Funds.

### Crypto-Asset Market Development Uncertain

The further development and acceptance of the Crypto-Asset systems, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Crypto-Asset systems may adversely affect the Hedge Funds. Crypto-Assets may be used, among other things, to buy and sell goods and services in a new and rapidly evolving industry of which the bitcoin network is a prominent, but not unique, part. The growth of the Crypto-Asset industry in general is subject to a high degree of uncertainty. The factors affecting the further development of the Crypto-Asset industry include:

- Continued worldwide growth in the adoption and use of Crypto-Assets;
- Government and quasi-government regulation of Crypto-Assets and their use, or restrictions on or regulation of access to and operation of the bitcoin network or similar Crypto-Asset systems;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and
- General economic conditions and the regulatory environment relating to Crypto-Assets.

### ICOs

The Hedge Funds may invest in ICOs, and may invest in the development and execution of ICOs. As consideration for an investment in an ICO, the Hedge Funds are expected to receive virtual tokens (“ICO tokens”). These tokens, generally, have no intrinsic value, have no functional use at the time of the ICO, and are a speculative instrument that the investor expects will experience higher demand in the future than the demand experienced as of the ICO. Although ICO tokens are Crypto-Assets within the meaning of this brochure (and are subject to all risks described with respect to Crypto-Assets), ICO tokens and ICOs present additional inherent risks.

The SEC has indicated that it deems itself as having the authority to regulate certain ICOs as securities offerings, but that it would determine whether to do so on a case-by-case basis. If an ICO were to be conducted not in compliance with all rules and regulations applicable to the offer and sale of securities, and is deemed by the SEC to have been an offer or sale of securities, there could be significant adverse consequences to the issuer and other participants in such ICO, which would also impact negatively the value of the ICO tokens. The regulatory landscape is still evolving and it is impossible to predict how other jurisdictions will treat ICOs and what effect this could have on the value of the ICO tokens or on any of the participants in an ICO. See “—Regulatory Environment for Crypto-Assets.”

ICO tokens have no established market, and it is possible that there will be no demand for them after the ICO. It is also possible that ICO tokens will not be transferable as a practical matter, or due to contractual or regulatory restrictions. Due to decreased demand for, and/or an inability to transfer, its ICO tokens, the Fund could experience significant losses.

The increasing popularity of Crypto-Assets has attracted fraudulent issuers. An ICO token isn’t a currency. ICO tokens are typically sold to fund new enterprises, giving investors a share of the company’s business project. They can increase in value if traded on an exchange, which is a reason that some fraudulent operators promise investors an exchange listing will occur. In certain instances, a promoter offers to let an investor to buy ICO tokens early, in a “private offering”

before opening sales to other investors. The promoter tells investors it will use their money to develop a platform to ensure the tokens will increase in value once they are released in the market and traded like stocks on exchanges. In other instances, promoters tout the profitability of investment programs such as cryptocurrency mining or creating applications or other software closely related to cryptocurrencies. Fraudulent issuers have also used ICOs to perpetrate a “pump-and-dump” strategy, leaving the ICO token investors with virtual assets that ended up being worth close to nothing. Although we believe that our diligence process will mitigate the risk of being a victim of fraudulent schemes, there can be no assurances that such diligence processes will prevent the Hedge Funds from being victims to fraud, in which case their investments in the relevant ICO tokens would lose value and would cause the Hedge Funds to incur significant losses.

### **Exchanges**

The exchanges on which Crypto-Assets trade are relatively new and, in most cases, unregulated. Furthermore, while many prominent exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many exchanges do not provide this information. As a result, the market may lose confidence in Crypto-Assets exchanges, including prominent exchanges that handle a significant volume of trading.

Over the past few years, some exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that make larger exchanges more stable, larger exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action. A lack of stability in, or temporary shutdown of, Crypto-Assets exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in Crypto-Assets in general and result in greater volatility in their price.

### **Regulatory Environment.**

Cryptocurrencies and other Crypto-Assets are currently either not regulated, or are in the early stages of regulation by U.S. federal and state governments, or self-regulatory organizations. Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which cryptocurrencies and other Crypto-Assets are treated for classification and clearing purposes. In particular, various cryptocurrencies and other Crypto-Assets may not be excluded from the definition of a “commodity future” or “security” by such future CFTC and SEC rulemaking, respectively. As cryptocurrencies and other Crypto-Assets have grown in popularity, certain U.S. agencies, such as FinCEN, the SEC, and the CFTC, have begun to examine cryptocurrencies and other virtual assets and the operations of cryptocurrencies and other Crypto-Assets in depth. An SEC release has stated that certain cryptocurrencies and other Crypto-Assets (including those acquired at an ICO) may be securities, depending on the specific fact and circumstances of the digital asset in question. The CFTC has declared that some cryptocurrencies and other Crypto-Assets are commodities, but currently, only certain kinds of cryptocurrencies and other Crypto-Assets may be subject to CFTC jurisdiction.

Cryptocurrencies and other Crypto-Assets currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that

affect the Crypto-Assets' network and its users, particularly Crypto-Assets exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of cryptocurrencies and other Crypto-Assets by users, merchants and service providers outside of the United States and may therefore impede the growth of the Crypto-Assets economy. The effect of any future domestic or foreign regulatory change on the Hedge Funds is impossible to predict, but such change could be substantial and adverse.

In the future, it may become illegal to own, hold, sell or use cryptocurrencies and other Crypto-Assets in one or more countries, including the United States. One or more countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell or use cryptocurrencies and other Crypto-Assets or to exchange cryptocurrencies and other Crypto-Assets for fiat currency. Such changes would call into question the viability of any Crypto-Assets trading strategies we pursue, and may result in significant losses to the Hedge Funds.

### **Flexible Investment Approach**

Boardman has broad investment authority, and may trade in a wide variety of securities, issuers or groups of related issuers, countries, regions and sectors that it believes will help the Hedge Funds achieve their investment objectives. Additionally, the strategies that the Hedge Funds may pursue are not limited to the strategies described herein; furthermore, such strategies may change and evolve materially over time. Boardman has broad latitude with respect to the management of the Hedge Funds' risk parameters. The Hedge Funds are not subject to any hard limits regarding diversification of investments. Boardman will opportunistically implement whatever strategies, risk management techniques and discretionary approaches, as well as such other investment tactics, as it believes from time to time may be suited to prevailing market conditions. Boardman may use such leverage, position size, duration and other portfolio management techniques as it believes are appropriate for the Hedge Funds. Investors must recognize that by investing in the Hedge Funds, they are placing their capital under the discretionary management of Boardman and authorizing Boardman to trade for the Hedge Funds using whatever strategies in such manner as Boardman may determine. Any of these new investment strategies, techniques, discretionary approaches and investment tactics may not be thoroughly tested before being employed and may have operational or other shortcomings which could result in unsuccessful investments and, ultimately, losses to the Hedge Funds. In addition, any new investment strategy, technique and tactic developed by the Hedge Funds may be more speculative than earlier investment strategies, techniques and tactics and may involve material and as-yet-unanticipated risks that could increase the overall risk associated with an investment in the Hedge Funds. Investors will receive periodic reports describing certain characteristics of the Hedge Funds' portfolios, investors generally will not be notified of any changes in Boardman's strategies, techniques, discretionary approach and tactics. There can be no assurance that Boardman will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its capital.

### **Risk Inherent in Venture Capital Investments**

The types of investments that the Hedge Funds anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. A loss of an investor's entire capital is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Hedge Funds' life, while successes often require a long period of time for an investment to mature. An investment by the Hedge Funds in a portfolio company will be highly speculative; the Hedge Funds may lose all of the monies invested in a portfolio company.

**Early Stage Investments**

The Hedge Funds intend to invest in privately-held, early stage companies. These companies typically have no revenues and are not profitable. They require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on unacceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although the Hedge Funds may be represented by a member of Boardman on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Hedge Funds or Boardman). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

**PIPE Investing**

We may make private investments in equities of publicly traded companies ("PIPEs"). PIPE strategies have historically been significantly more likely to be successful during periods of rising equity prices. In such conditions, not only is it easier to liquidate the equity acquired upon conversion of clients' illiquid and restricted securities, but also the equity price may increase from the date of the conversion, increasing the profit of conversion. PIPE investing also involves making capital commitments to issuers without access to traditional capital markets in situations in which the bankruptcy of the issuer could result in a total loss of the investment and thereby result in losses to clients. Analysis of the financial condition of each issuer is an important component of determining whether to make any such investment.

**Special Situations**

We may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price to a client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which we may invest, there is a potential risk of loss by a client of its entire investment in such companies.

**Event and Risk Arbitrage**

An event and risk arbitrage position is generally taken after a merger, tender offer, exchange offer or other transaction is announced, at which point the security has generally risen to a significant premium over the market price that prevailed prior to the announcement. The difference between the price paid by us for securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline sharply, usually



to a level comparable to or below that which existed prior to the announcement and generally by more than our anticipated profit. Further, we may invest and trade in securities of companies which, although they are not the subject of an announced proposed merger or acquisition, are viewed as potential candidates for such a transaction. Either of these scenarios (non-consummation of an announced deal or non-consummation of an anticipated unannounced deal) can cause a client to suffer a significant loss with respect to any long positions that it has established in the relevant security. Similarly, with respect to any short positions, to the extent such positions have to be covered, a client could be adversely affected. Various events may occur which may result in a transaction not being consummated which could adversely affect our position.

### **Capital Structure Arbitrage**

We may invest based on capital structure arbitrage strategies. The success of any such strategies will depend on our ability to identify and exploit inefficiencies in the pricing of credit risk within a company's or sovereign's capital structure. Identification and exploitation of market opportunities involve uncertainty. There can be no assurance that we will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing in efficiency of the markets in which we will seek to invest will reduce the scope for our involvement in these strategies. In the event that the perceived mispricings underlying our positions fail to materialize, these strategies could be unsuccessful or result in losses.

### **Risks Relating to the Ventures Fund**

In addition to some of the risks set forth above, the following risks primarily relate to the Series of the Ventures Fund.

#### **Event Risk**

The investment strategy of each Series will generally be to make an investment in a single non-public company and hold such investment until the initial public offering of the applicable company. Boardman will generally have no control as to when, or whether, the company goes public. A company may not go public within the timeframe expected by Boardman, and a company may not go public at all. Even if a company does go public, the price-per-share received by a Series may be less than the price paid by the Series, and even if it is more, the price received by the Series may not compensate the Series and the investors thereof for their cost-of-capital and the risks to which they were exposed.

#### **Investment and Trading Risks**

All securities investments risk the loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. The market price of an investment in a company owned by a Series may go up or down, sometimes unpredictably. There is no assurance that a Series will provide an acceptable return to investors or not incur substantial losses.

**Equity Securities**

Each Series will generally invest in the equity or equity-related securities of a single private company. The value of equity securities may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. As a result, a Series may suffer losses if it invests in the equity securities of a company whose performance diverges from Boardman's expectations, or if equity markets generally decline.

**Long Bias**

Each Series will generally maintain a long bias in its portfolio. In contrast, some alternative investment funds try to stay "market neutral," meaning that they have neither a long nor a short bias, and as such, they attempt to avoid generalized swings in the trajectory of the equity markets in either direction (up or down). Given each Series' long bias, it will be more exposed to losses than a market neutral fund would be in times of general market downturns and declining prices of equity securities.

**Private Placements**

The investments that will be made by each Series in a company will share many of the same risk characteristics as venture capital investing, offering the opportunity for significant gains, but also involving a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. The companies in which the Series invest may be under-capitalized and therefore may be more sensitive to adverse business or financial developments. In the event that a company in which a Series invests is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the Series' investment in such company could be significantly reduced or even lost entirely. Business risks may be more significant in smaller or development-stage companies in which a Series invests, including intense competition, changing business and economic conditions or other developments that may adversely affect their performance. There is no guarantee that a Series will be able to invest its capital on attractive terms or that returns on such investments will exceed returns on alternative investments available to prospective investors in the Series. The ability of a Series to dispose its positions and generate profits from its investments in a private company may also be adversely affected by a failure of the company to comply with registration, conversion, exchange or other obligations under any agreements pursuant to which such securities in the company have been sold to the Series.

**Venture Capital Investments**

Each Series will generally invest in a single private company, which entails a high degree of investment risk. A company in which a Series invests may have no operating history, unproven technology, untested management, and unknown future capital requirements. These companies often face intense competition, often from established companies with much greater financial, manufacturing and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. Some small companies have limited product lines, distribution channels and financial and managerial resources. Some of the companies in which the Series

may invest may have product lines that have, in whole or in part, only recently been introduced to market or that may still be in the research or development stage. Such companies may also be dependent on personnel (including key personnel) with limited experience. An investments by a Series in a company will be highly speculative; a Series may lose all of the monies invested in a company.

### **Small- to Micro-Cap Stocks**

A company in which a Series invests may be a small- or micro-cap company. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strength of larger corporations. In addition, a Series may be unable to ultimately sell certain small- or micro-cap stocks at an advantageous time or price. In many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Also, due to thin trading in some of these stocks, an investment in these stocks may be considered less liquid than an investment in many larger-capitalization stocks, making purchases or sales at desired prices or in desired quantities more difficult. When making large sales, a Series may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of the securities of smaller companies. Accordingly, such stocks may be required to be held for a lengthy period of time even after an initial public offering, and often require more time to sell and result in higher selling expenses than does the sale of securities for which there is an active market.

### **Fixed-Income Investments**

A Series may invest in the fixed-income instruments of a company. The value of fixed-income instruments will change as the general levels of volatility and interest rates fluctuate. When interest rates decline, the value of fixed-income instruments can be expected to rise. Conversely, when interest rates rise, the value of such instruments can be expected to decline. To the extent that interest rates move in a direction contrary to the direction anticipated by Boardman, the overall investment performance of the Series will be affected. The market value of fixed-income instruments also varies according to the relative financial condition of the issuing company. Investments in lower rated or unrated fixed-income instruments, while generally providing greater opportunity for gain and income than investments in higher rated instruments, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such instruments).

### **Restricted Securities**

Each Series will generally invest in equity, convertible securities, and fixed income obligations of companies, the disposition of which may be restricted under the Securities Act of 1933 Act, as amended, or other applicable securities laws as well as contractually. Whether so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if a Series were forced to liquidate its positions in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment.

**Reliance on Fundamental Analysis**

In general, Boardman employs a fundamental, research-driven approach to investing. Fundamental trading systems consider factors, such as inflation, trade balances, inventories and interest rates, which do not have an impact on traditional technical trading systems, in an attempt to identify investment opportunities. To the extent that such factors provide mixed or conflicting signals, the fundamental trading systems may not be able to detect and/or accurately predict price trends. There can be no guarantee that Boardman's fundamental trading systems will enable Boardman to successfully select companies for Series investment, or that any anticipated price trends will materialize with respect to such company investments.

**Concentration of Investments**

Each Series will generally be invested in the securities of a single private company. The result of such concentration of investment is that losses incurred in such investment will have a material adverse effect on the Series' overall financial condition and significantly reduce the Series' capital. Each Series is therefore subject to greater risk than similarly diversified portfolios.

**Sector Risk**

Boardman generally focuses on the equities of companies in the TMT sub-sectors. These sectors are characterized by increasing competition and regulation. Companies in these sectors may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. Technological innovations may make the products and services of companies in these sectors obsolete. Any such events may adversely affect a Series' investments in the a company in such sectors. In addition, these sectors are highly dependent upon intellectual property, a field that has encountered increasing litigation in recent years. If any of the companies in which the Series are invested are alleged to infringe the intellectual property rights of a third-party, any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim. There can be no assurance that a company would prevail in any such litigation. If a company were to lose a litigation relating to intellectual property, the company could be forced to pay monetary damages and to cease the sale of certain products or the use of certain technology or other intellectual property. Any of the foregoing may adversely affect a Series' performance.

**Item 9 - Disciplinary Information**

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

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

We and our related persons manage the Funds which are deemed to be our related persons. The management of the Funds may result in conflicts of interests when we and our related persons allocate time and investment opportunities among the Funds and other clients. In addition, the terms of the performance-based fees and allocations may differ among the Funds. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor accounts that have higher performance-based fees and allocations. To avoid such conflicts of interest we generally follow documented procedures in allocating

opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject.

Subject to applicable law, we may effect transactions (generally for rebalancing purposes and to correct misallocations of trades) among client accounts (including the Funds) in which one client account will purchase securities from or sell securities to another client account (including Funds in which we or our related persons may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one transacting party that may be greater than the benefits to the other transacting party. In order to mitigate such conflicts, we effect such transactions only when we believe that such transactions are in the best interests of the applicable clients. Such transactions shall be effected for cash consideration, generally at the closing price of the particular security, and no brokerage commission or transfer fee shall be paid to us or our related persons in connection with any such transaction.

William B. Graves has a financial interest in the returns of the Funds. As a result, a conflict of interest may arise in allocating investment opportunities among the Onshore Fund and the other Funds. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the investors in the private investment funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

We make available to qualified prospective investors the opportunity to invest in the Onshore Fund, the Ventures Fund and the Optical Fund. Our principal has significant personal investments in one or more of the Onshore Fund, the Ventures Fund and the Optical Fund. In addition, we receive performance-based fees from the Funds.

In the event that we effect a cross trade between an account in which we or our controlling persons own more than twenty five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for us because we may put our or our control persons’ interests in such accounts before the interests of our clients in the other account. In order to mitigate this conflict of interest, we monitor the interests of our principals, their immediate family members and their affiliates in our client accounts, and we will not affect any cross trades between accounts if we believe that such trade would result in a principal transaction unless:

- 1) We believe that such transaction is in the best interest of the clients participating in the transaction; and
- 2) We obtain the consent of the applicable clients as required by the Advisers Act.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including the Funds which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account.

## **Item 12 - Brokerage Practices**

### Selection of Brokers

In placing portfolio transactions for our clients, we consider such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, our clients may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing services.

Our trading approach may emphasize active management of our clients' portfolios. Consequently, the portfolio turnover and brokerage commission expenses may from time to time be greater than for other types of investment vehicles.

We may also direct brokerage commissions on purchases or sales of securities to broker-dealers who advance the sale of interests in the private investment funds we managed, consistent with best execution.

On a quarterly basis, our CCO periodically evaluates the execution performance of the broker-dealers we use to execute client transactions. He also evaluates, and seeks to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

### Research and Other Soft Dollar Benefits

We enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in

return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution.

The use of commission or soft dollars to pay for research products or services falls within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services (collectively, "Research") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

We intend that all uses of soft dollars by us for client accounts will fall within the Section 28(e) safe harbor.

One or more of the Funds' prime brokers may provide us with capital introduction services, talent recruitment and front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, among others.

We execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

During our last fiscal year, we acquired with client brokerage commissions (or markups or markdowns) (i) research, such as proprietary research from brokers, which may have been written

and/or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; and invitations to attend conferences or meetings with management or industry consultants.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. We directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however we have not committed to provide any level of brokerage business to any broker. Our trading review group also evaluated, on a quarterly basis, the execution performance of the broker-dealers we use to execute client transactions and resolved any conflicts of interest that we may have had in selecting brokers to execute client transactions.

#### Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will allocate client brokerage business to a referring broker only if it is consistent with our best execution obligations.

#### Trade Error Policy

Subject to applicable law, we will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence or willful misconduct.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to settlement or during the same calendar month in which it occurred, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

#### Aggregation of Orders

We will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an aggregated order is only partially filled, we will allocate the investment opportunity as described above in Item 6.



**Item 13 - Review of Accounts****Access to Information**

Client positions and investments are regularly reviewed by Mr. Graves, our Chief Investment Officer, to ensure conformity to the objectives and risk criteria applicable to such portfolios. Our CCO also regularly reviews applicable client portfolios for compliance with the applicable trading mandate and any applicable risk and/or operating guidelines.

We may furnish investors in the Funds with periodic written unaudited performance reports no less frequently than quarterly. On an annual basis, investors receive a copy of the relevant Fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1).

We may provide certain investors in the Funds with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

We may provide certain additional information to any investor, or prospective investor, in the Onshore Fund, the Optical Fund or Series of the Ventures Fund who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by Boardman is sufficient for its needs and must accept the foregoing risks.

**Item 14 - Client Referrals and Other Compensation**

Other than the circumstances described in Item 12 above, we do not receive any economic benefits from non-clients in connection with the provision of investment advice to our clients.

If a client is introduced to us by a third-party, we and/or our affiliates may pay such third-party a referral fee in accordance with the requirements of Rule 206(4)-1 under the Advisers Act to the extent applicable. Any such referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client, unless the client agrees otherwise in its applicable written agreement with us. Such compensated third-parties are subject to a conflict of interest because they will be compensated in connection with their activities. This conflict applies as well to nominees that are compensated in connection with the investment of their clients' assets with us or in the private investment funds that we manage.

**Item 15 - Custody**

All Fund assets are held in custody by qualified custodians. However, for purposes of Rule 206(4)-2 under the Advisers Act, we are deemed to have custody of Fund assets. In accordance with such Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund's fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the private investment funds managed by us generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such private investment funds.

**Item 17 - Voting Client Securities**

We generally have voting discretion over securities held in clients' accounts unless otherwise agreed to with the client. Such clients are generally not able to direct their votes in a particular situation. We will exercise our discretion in the best interests of our clients. In fulfilling our obligations to our clients, we will act in a prudent and diligent manner intended to enhance the economic value of the securities. We have adopted a proxy voting policy which is summarized below.

Our Proxy Coordinator is responsible for determining how to vote all proxy statements received by us with respect to securities held in clients' accounts. The Proxy Coordinator may designate other appropriate employees to assist him in reviewing proxy statements and preparing necessary records. The Proxy Coordinator may also retain a third party to assist him in coordinating and delivering proxies.

In the absence of conflicts of interest, we will vote all proxies in the manner that the Proxy Coordinator determines is in the best interests of the client's account. In addition, the Proxy Coordinator may determine to abstain from voting a proxy if he believes that such action is in the best interests of the client. The Proxy Coordinator may take into account the following factors, among others, in determining if a specific proposal is in the best interests of the client:

- (a) management of the issuer's views and recommendations on such proposal;
- (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and
- (c) whether he believes that the proposal will fairly compensate management for its and/or the issuer's performance.

If the Proxy Coordinator deems that the issue being voted upon is not material for the client, we will not be obligated to vote on such matter.

We maintain a "Proxy Conflicts Watch List" containing the names of issuers with respect to which we have identified a conflict of interest. Such conflicts may arise, for example, from the following relationships: (i) the issuer is an investor in the client we manage; (ii) we have a material business relationship with the issuer; (iii) we have a business relationship with the proponent of a proxy proposal (*e.g.*, the proponent is a pension plan for which the we manage money); (iv) we have material business relationships with candidates for director in a proxy contest; or (v) one of our employees has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify our CCO of any potential conflicts of interest of which he or she is

aware, and the CCO should make a determination as to whether an item should be added to the Proxy Conflicts Watch List.

If the CCO believes that a material conflict exists between us and the client, we will rely exclusively in making its voting decision on the recommendation of an independent third party who is experienced in advising investment managers regarding proxy voting decisions.

The Funds may obtain information about how we voted securities held by such Funds by contacting us at the address set forth on the cover page of this brochure.

**Item 18 - Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore we are not required to include a balance sheet for our most recent fiscal year.

**Item 19 - Requirements for State-Registered Advisers**

We are not a State-Registered Adviser.