



**PART 2A OF FORM ADV: FIRM BROCHURE**

**Railroad Ranch Capital Management, LP  
March 2023**

This brochure provides information about the qualifications and business practices of Railroad Ranch Capital Management, LP (“Railroad Ranch”, the “Firm”, or the “Manager”). If you have any questions about the contents of this brochure, please contact Jake Shelton, the Manager’s Chief Compliance Officer, at (214) 996-0851 or [backoffice@railroadranchcapital.com](mailto:backoffice@railroadranchcapital.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Railroad Ranch Capital Management, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any reference to Railroad Ranch as a “registered investment adviser” or as being “registered” does not imply a certain level of skill or training.

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**Item 2.           Material Changes**

This is an annual amendment for the year ended December 31, 2022. Since the last other-than-annual amendment filed in November 2022, there have been no material changes to this brochure. But in this annual amendment, Items 4 and 8 has been revised to reflect the Firm's assets under management and additional market risk factors. In the future, a summary of any material changes will be listed here, as applicable.

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

Railroad Ranch is an investment adviser organized as a limited partnership under the laws of the State of Texas with its principal place of business in Dallas, Texas. Railroad Ranch was founded in January 2016 by Mr. James D. Shelton, Jr., the Firm's Managing Partner and principal owner (the "**Principal**"). The Firm is also owned by Gavin Richey who was admitted as a partner of the Firm in March 2018.

Railroad Ranch serves as an investment manager and provides investment advisory services on a discretionary basis to privately offered, pooled investment vehicles, including Railroad Ranch Capital Master Fund, LP (the "**Master Fund**"), Railroad Ranch Capital Offshore Partners, Ltd., and Railroad Ranch Capital Partners, LP (each a "**Fund**" and Collectively, the "**Funds**"). The Funds may also be referred to as the "**Client**" or "**Clients**". Railroad Ranch Capital Management GP, LLC serves as the General Partner (the "**General Partner**") to the Firm and is also controlled by the Principal.

The Manager's investment advisory services generally focus on advice related to investments, both long and short, primarily in publicly traded equity securities. As discussed in the relevant operative documents, Railroad Ranch may also invest in other types of securities and may engage in other investment strategies so long as doing so does not interfere with achieving the stated and agreed upon investment objective.

The Firm's advisory services are provided to the Funds pursuant to the terms of the Fund's private placement memorandum, limited partnership agreement, and/or investment management agreement (collectively, the "**Governing Documents**") and based on the specific investment objectives and strategies as disclosed therein. The Funds may impose restrictions on investing in certain types of securities in accordance with each Governing Document. Railroad Ranch provides advisory services to the Funds, rather than to any individual investor in the private funds. Therefore, it should be noted that the Manager does not tailor its investment advice to take into account any specific investment conditions of any individual investor in a private fund.

Railroad Ranch does not participate in, nor does it sponsor, wrap fee programs.

As of December 31, 2022, Railroad Ranch manages approximately \$105,602,516 in regulatory assets under management on a discretionary basis.

*See Item 8 of this brochure for a more detailed discussion of Railroad Ranch's investment strategies.*

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

Railroad Ranch receives a management fee and performance-based compensation ("**Performance Allocation(s)**") from Clients. Such compensation arrangements are set forth in the relevant Governing Documents of the applicable Fund. A brief summary of those fees is provided below.

The Firm receives a fixed management fee from the limited partners ("**Limited Partners**") of the Funds, paid quarterly in advance, in an amount generally equal to an annual rate of 1.5% of the net asset value of the capital account of each Limited Partner. The General Partner may reduce or waive the management fee for certain investors or Clients, including employees and affiliates of the Firm, in its sole discretion.

An affiliate of the General Partner (the "**Special Limited Partner**"), is entitled to an annual performance-based profit allocation at the end of each calendar year generally between 15% and 20% of the Fund's net profits. The Performance Allocations are subject to a high-water mark and/or loss carryforwards. The General Partner, in its sole discretion, may waive or modify the Performance Allocation for certain

investors or Clients, including employees and affiliates of the Firm.

The Manager, General Partner, and the Funds have entered into separate arrangements with strategic investors (“**Strategic Investors**”) whereby, the Strategic Investors receive a share of the management fee and share in any performance-based allocation received by the Manager and Special Limited Partner.

The management fee, Performance Allocation, and Strategic Investor arrangement, as well as other terms, are more fully described in the respective Governing Documents for each Fund. Potential investors should review such Governing Documents for full details as to how the management fees and Performance Allocations are calculated and collected.

Railroad Ranch renders services to the Funds at its own expense and is responsible for overhead cost including salaries, office rent and other general overhead costs of the General Partner and/or Manager.

The underlying investors in the Funds bear the costs and expenses of the fund, including without limitation trading costs and expenses (such as brokerage commissions, interest on margin accounts, expenses related to short sales, clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and fund administrator fees. Each Fund’s Governing Documents discuss the fund expenses in detail.

*See Item 12 of this brochure for a more detailed discussion of Railroad Ranch’s brokerage practices.*

As discussed in 5.A., the management fee paid by Limited Partners of the Fund is calculated and paid quarterly in advance.

As the Manager requires at least forty-five (45) days prior written notice for capital account withdrawals, and such withdrawals may only occur on the last day of each calendar quarter, there is generally no requirement to refund any portion of pre-paid fees.

Neither Railroad Ranch nor its supervised persons are compensated for the sale of securities or other investment products. Certain other expenses are paid by the Fund and are described more fully in the Governing Documents for each Fund.

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

As more fully described in Item 5 – Fees and Compensation, the Special Limited Partner may receive performance-based compensation from Railroad Ranch’s Clients. At the time of filing, the Manager does not perform advisory services for any separately managed accounts. As such, there is not currently a conflict of interest for the Manager to favor Clients that generate higher paying fees. In the event that Railroad Ranch assumes any separately managed account clients, Railroad Ranch expects to charge management fees and/or performance based allocations to those accounts that are similar to those stated above for the Funds.

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

The Manager’s Clients consist of privately offered, pooled investment vehicles. The minimum investment required to invest in each of the Funds is described in the Governing Documents of the applicable Fund and is generally \$1,000,000. The General Partner, in its sole discretion, may waive or reduce any minimum investment amount.

The underlying investors in the Funds, while not considered clients of Railroad Ranch under the

Investment Advisers Act of 1940, as amended, are persons that are both “accredited investors” within the meaning of the Securities Act of 1933, as amended, and “qualified purchasers” as defined in Section 2(a)(51)(a) of the Investment Company Act of 1940, as amended, as well as certain knowledgeable employees.

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

Railroad Ranch employs a bottoms-up research process to find fundamental long and short value opportunities with an identifiable edge over the consensus viewpoint, a substantial margin of safety to intrinsic value, and a catalyst to move consensus to the Manager’s estimate of intrinsic value. The Master Fund generally has a concentrated portfolio, and the Manager expects the Master Fund to have investments in approximately 25 to 45 issuers at any given time. The Manager attempts to offset a portion of the higher security-selection risk associated with a concentrated portfolio through rigorous fundamental research and a significant margin of safety relative to the estimated intrinsic value for each investment. Within the investment portfolio, the Master Fund deliberately seeks to take security-selection risk while minimizing macroeconomic risk.

#### ***Risk Factors***

The following summary identifies certain material risks related to Railroad Ranch’s investment strategies. This summary does not intend to identify all possible risks associated with investment advisory services provided by Railroad Ranch, and certain risks may apply only to particular strategies. For a more detailed description of identified risks, please carefully review the risks described in the applicable Governing Documents.

#### **Risk of Loss**

Investments managed by Railroad Ranch may involve significant risks, including the risk of loss, and are suitable only for investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance Clients will achieve their investment objectives.

Investments managed by Railroad Ranch carry the inherent risks associated with investments in equities and equity-related securities and the use of leverage and short sales. Prospective investors should carefully review the Governing Documents and/or other operative documents prior to deciding to place assets with Railroad Ranch for investment advisory services.

#### **General Investment Risks**

*Generally.* The securities business is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors including interest rates, merger activities, and general economic trends.

*Investment Judgment; Market Risk.* The profitability of a significant portion of the Fund’s investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk. An investor could lose money over short or long periods of time. U.S. and international markets have experienced significant periods of volatility in recent years due to a number of factors, including the impact of the COVID-19 pandemic and

related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. These developments as well as other events could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities, and the normal operations of securities exchanges and other markets. It is unknown how long circumstances related to the pandemic will persist, whether they will reoccur in the future, whether efforts to support the economy and financial markets will be successful, and what additional implications may follow from the pandemic. The impact of these events and other epidemics or pandemics, in the future, could adversely affect the strategy's performance of the Fund(s).

*Reliance on Key Person.* The Fund is substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal's interest in the Manager, the business of the Fund may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Fund's business. However, the Principal may engage in various other business activities in addition to managing the Fund, and consequently may not devote all time to Fund business.

*Master-Feeder Structure.* The Fund generally invests through a "master-feeder" structure. Although a common investment fund structure, the "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a feeder fund withdraws from the Master Fund, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. As a matter of Cayman Islands law, the Master Fund is not a separate legal entity. Legal proceedings by or against the Master Fund may be instituted by or against any one or more of the general partners only. Expenses or liabilities of the Master Fund (or its general partners) arising from any such suit would be borne by the Master Fund, and creditors of the Master Fund may enforce claims against all assets of the Master Fund. In addition, to the extent a fund's assets are invested in the Master Fund, certain conflicts of interest may exist due to different tax considerations applicable to the Master Fund and other feeder funds.

*Performance-based Allocation.* The Performance Allocation made to the Special Limited Partner may create an incentive for the Manager, an affiliate of the Special Limited Partner, to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

*Cybersecurity.* The Fund, the Manager, their respective service providers and relevant listing exchanges are susceptible to operational, information security and other cybersecurity risks, both directly and through their respective service providers. Similar types of cybersecurity risks are also present for issuers of securities in which the Fund invests, which could result in material adverse consequences for such issuers and may cause the Fund's investment in such portfolio companies to lose value. These risks may not be covered by insurance. In general, cybersecurity incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.*, through hacking or use of malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out without ever obtaining direct access to the targeted systems, such as through a denial-of-service attack which could result in the target's network services becoming unavailable to its intended users. Cybersecurity failures by, or breaches of, the systems of any of the General Partner, Manager, administrator and other service providers (including, but not limited to, data providers, fund accountants, custodians, transfer agents and attorneys), market makers or the issuers of securities in which the Fund invests, could cause disruptions and impact business operations, potentially resulting in one or more of the following: material financial losses, interference with the Fund's ability to calculate its net asset value, unintended

disclosure of confidential trading information, material impediments to trading, submission of erroneous trades or redemption orders, the inability of the Fund or its service providers to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, cyber-attacks may render inaccessible, inaccurate or incomplete any or all of the records of the Fund's assets, transactions, ownership of Interests, and other data integral to the functioning of the Fund. Substantial costs may be incurred by the Fund in order to prevent or address cyber-incidents in the future. The Manager and the General Partner have established a cybersecurity policy and business continuity procedures to address and mitigate these cybersecurity risks. Despite these efforts, certain risks may not yet have been identified and it is possible that prevention and remediation efforts will be inadequate or unsuccessful. Additionally, because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against the Fund, the Fund may be unable to anticipate these techniques or to implement adequate preventive measures. Furthermore, the General Partner and the Manager are unable to directly control the cybersecurity procedures and systems of any service providers or portfolio companies, and any of the Fund and the Limited Partners could be materially and adversely impacted as a result.

#### *Risks Arising from Particular Activities or Types of Securities*

*Specifically.* In addition to the above-mentioned general investment risks, Railroad Ranch may use investment techniques that could be affected by more specific risks. Some, but not all, of these techniques and risks are summarized below.

*Small-Capitalization Company Risk.* The small-capitalization companies in which the Fund may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small-capitalized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small-cap stocks may be more volatile than those of larger companies.

*Leverage.* Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. Also, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

*Options.* Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

*Short Sales.* The Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions,



the Fund might have difficulty purchasing securities to meet its short sale delivery obligations and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

*Derivatives.* Derivative instruments, or “derivatives,” include futures, options, swaps, 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, currencies, or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the 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 can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

*Commodities and Futures.* The Fund may trade on a limited basis in futures and other commodity interests. Such trading activity is regulated by the Commodity Futures Trading Commission (the “**CFTC**”). Pursuant to an exemption from registration under CFTC regulations, neither the General Partner nor the Manager is required to register, and is not registered, with the CFTC or the National Futures Association (“**NFA**”) as a commodity pool operator (a “**CPO**”) or as a commodity trading advisor (“**CTA**”). To comply with the exemption, the General Partner and the Manager are subject to specific limitations on the amount of commodity interests and futures that they can trade on behalf of the Fund. Should the Fund’s investments in commodity interests or futures instruments exceed the limits provided by the applicable exemption from registration, the General Partner and/or the Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Fund and liquidate the Fund’s holdings of commodity interests and futures which could result in losses and additional costs to the Fund.

*Foreign Securities.* Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

*Emerging Market Securities.* The Fund will invest in securities of companies located in emerging market countries. The value of emerging market securities may be drastically affected by political developments in the country of the company’s location. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on distributions.

*Illiquidity.* The investments made by the Fund may be very illiquid, and consequently the Fund may not be able to sell such investments at prices that reflect the General Partner’s assessment of their value or the

amount paid for such investments by the Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual, or other restrictions on their resale by the Fund and other factors. Furthermore, the nature of the Fund's investments may require a long holding period prior to profitability. The Partnership Agreement authorizes the General Partner to make distributions in-kind of securities in lieu of or in addition to cash. In the event the General Partner makes distributions of securities in-kind, such securities could be illiquid or subject to legal, contractual, and other restrictions on transfer.

*Concentration of Holdings.* Although the Manager has adopted informal guidelines on diversification, those guidelines are subject to change by the Manager, and there are no limits on the Manager's investment discretion that require diversification by issuer, industry or market or that impose position size limitations. At any given time, it is therefore possible that the Manager may select positions that are concentrated in a particular market or industry, or in a limited number or type of securities. Limited diversity could expose the Fund to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

***The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Client managed by Railroad Ranch. Prospective investors should read the relevant Governing Documents in their entirety and consult with their own advisors before deciding to invest.***

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

Railroad Ranch and its supervised persons have no disciplinary events to disclose.

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

Railroad Ranch and its employees do not have any other material financial industry activities or affiliations. Railroad Ranch and its employees are focused exclusively on providing Railroad Ranch's investment advice to its Clients.

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

##### **Code of Ethics**

The Manager has adopted a Code of Ethics (the "**Code**") that obligates the Manager and its supervised persons to put the interests of Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. The Manager's supervised persons are also required to comply with applicable federal securities laws. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by supervised persons. Any exceptions to the below policies require the prior approval of the Chief Compliance Officer. Additionally, any violations of the Firm's Code are required to be reported to the Chief Compliance Officer for documentation and remediation.

The Manager, in the course of its investment management may come into possession of confidential or material, nonpublic information about issuers, including issuers in which the Manager or its supervised persons have invested or seek to invest on behalf of the Funds. The Manager is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. Railroad Ranch's Code of Ethics further includes the Manager's

policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures.

As a general matter, individuals associated with Railroad Ranch may not invest in single name equity securities or options on equities and must obtain written pre-approval from Railroad Ranch's Chief Compliance Officer prior to executing a sell order in any such holdings that was acquired prior to becoming an employee or being associated with Railroad Ranch. The Firm requires such personnel to also receive pre-approval from the Chief Compliance Officer to participate in initial public offerings ("IPOs") or limited private offerings.

A copy of the Code is available to Clients or investors and prospective clients or investors upon their individual request.

Subject to applicable law, Railroad Ranch may effect transactions between Client accounts whereby one Client account will purchase securities from, or sell securities to, another account. However, Railroad Ranch does not currently intend to engage in such activity, and if it were to do so, it would develop documented procedures including pre-approval from the Chief Compliance Officer.

## **Item 12. Brokerage Practices**

The Manager considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, research capabilities and the success of prior research recommendations (including private equity financings), ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, responsiveness to the Manager and the value of research and brokerage and research products and services provided by such brokers. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, the Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Manager's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

The Manager may receive research or other products or services other than execution from broker-dealers in connection with Client securities transactions (the "**Soft Dollar Services**") provided such Soft Dollar Services are within the safe harbor established by Section 28(e) (the "**Safe Harbor**") of the Securities Exchange Act of 1934, as amended. The Safe Harbor allows investment advisers to use client funds, by way of commission dollars, to purchase certain "brokerage and research services." Pursuant to such Safe Harbor, the brokerage and research services must provide lawful and appropriate assistance in the performance of Railroad Ranch's investment decision-making responsibilities. Further, the amount of commissions paid must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors including commission rates, financial responsibility, and strength and ability of the broker to efficiently execute transactions. Accordingly, if the Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the Soft Dollar Services provided by such broker, Clients may pay commissions to such broker in an amount greater than the amount another broker might charge.

Safe Harbor research services provided by brokers generally include advice, analyses, and reports, and may specifically include traditional research reports analyzing the performance of a particular company or stock,

certain financial newsletters and trade journals, quantitative analytical software, software that provides analyses of securities portfolios, seminars, conferences, corporate access, and other services that reflect substantive content and provide lawful and appropriate assistance to Railroad Ranch in the performance of its investment decision-making responsibilities.

The use of brokerage commissions to obtain Soft Dollar Services may raise conflicts of interest. For example, the Manager may not have to pay for the products and services itself. This creates an incentive for the Manager to select or recommend a broker-dealer based on its interest in receiving Soft Dollar Services. Research and brokerage services obtained using commissions arising from a Client's portfolio transactions may be used by the Manager in its other investment activities, including, for the benefit of other Client accounts. The Manager does not always seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

It is the Manager's policy to endeavor to only enter into Soft Dollar Services that are within the scope of the Safe Harbor. If the Manager does enter into soft dollar arrangements that are beyond the scope of the Safe Harbor, it may be deemed to be paying for services other than research or permissible investment related services through the commission rate. In such event, the Manager seeks to make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services under the Safe Harbor is paid for with discretionary client commissions and the non-eligible portion which is not eligible for the Safe Harbor is paid for by the Manager.

Railroad Ranch does not select or recommend broker-dealers in exchange for client referrals.

Railroad Ranch does not recommend, request, require, or permit a Client to direct the Firm to execute transactions through a specified broker-dealer.

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

Each Client account is reviewed by Mr. Shelton on a daily basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include specific securities held, allocations and strategy. Railroad Ranch provides investors with audited financial statements on an annual basis, periodic unaudited performance reports, and for U.S. funds, all tax information relating to their investments in the Fund necessary for U.S. federal income tax purposes.

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

Railroad Ranch does not directly or indirectly compensate any person for client referrals.

As noted in Item 12, Railroad Ranch may receive certain Soft Dollar Services. These Soft Dollar Services may create an incentive for the Manager to select or recommend broker-dealers based on the Manager's interest in receiving the Soft Dollar Services of such broker-dealer and may result in the selection of a broker-dealer on the basis of considerations that are not limited to achieving the lowest commission rates. Please see Item 12 for further information regarding Soft Dollar Services, including the Manager's procedures for addressing conflicts of interest that may arise from such practices.

Other than such Soft Dollar Services and any consideration received by the Firm, Railroad Ranch does not receive a direct economic benefit from any person who is not a Client for providing investment advice or other advisory services to Clients.

Currently, Railroad Ranch does not have any arrangements with placement agents or arrangements to compensate third-party persons or entities for client referrals or to solicit clients.

**Item 15. Custody**

Due to the fact that Railroad Ranch acts as investment manager to the Funds and has an affiliated party that acts as General Partner of the same, Railroad Ranch is deemed to have custody of certain client assets under current applicable regulatory interpretations. As such, and as is required by the safekeeping requirement in Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, all assets in the accounts of Clients are held by a qualified custodian, as required. The Fund is responsible for all costs of such qualified custodians. On an annual basis, the Fund's administrator delivers the audited financial statements to the investors in the respective Fund within 120 days of fiscal year-end.

In addition, each investor in the respective Fund receives written monthly statements from the administrator with respect to the activities of the relevant Fund.

**Item 16. Investment Discretion**

Railroad Ranch accepts discretionary authority to manage securities on behalf of the Funds. Railroad Ranch therefore determines which securities and the amounts of securities it buys and sells for the Funds. This authority has been granted to Railroad Ranch by means of the execution of the relevant Governing Documents that set forth the scope of, and any limitations placed on, the Firm's discretion with respect to the Funds.

**Item 17. Voting Client Securities**

As applicable, Railroad Ranch has the authority to vote proxies on behalf of the Funds due to the fact that it has discretionary authority over the securities held by the Funds. Accordingly, the Firm understands its fiduciary responsibility to monitor corporate events, to vote proxies, and to cast votes in the best economic interests of its Clients, and to put the interests of Clients ahead of its own interests.

Railroad Ranch follows a proxy voting policy to confirm that proxies the Firm votes on behalf of the Funds are voted to further the best interest of the Client. The policy establishes a mechanism to address any conflicts of interests between Railroad Ranch and the Client. If a material conflict of interest between Railroad Ranch and a Client exists, Railroad Ranch determines whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interest of the Client or whether it is necessary to take some other appropriate action.

Railroad Ranch may choose not to submit proxy votes depending on the circumstances. Clients are not permitted to direct the Firm's vote in a particular proxy solicitation.

Clients may obtain both information regarding how Railroad Ranch voted its securities and a copy of its Proxy Voting Policy by calling or emailing Jake Shelton, Chief Compliance Officer, at (214) 996-0851 or [backoffice@railroadranchcapital.com](mailto:backoffice@railroadranchcapital.com).

**Item 18. Financial Information**

Railroad Ranch has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.