

**3B Capital Management, LP**

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

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6510 Abrams Road, Suite 620  
Dallas, TX 75231**

**March 2023**

**This brochure provides information about the qualifications and business practices of 3B Capital Management, LP (“3B” or the “Firm” or “Investment Manager”). If you have any questions about the contents of this brochure, please contact 3B’s Chief Compliance Officer at (214) 420-0832 or [CBAGGETT@3B-CAPITAL.COM](mailto:CBAGGETT@3B-CAPITAL.COM). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Any reference to 3B as a registered investment adviser does not imply a certain level of skill or training.**

**Additional information about 3B is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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***Item 2: Material Changes***

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This is the annual amendment to 3B Capital's Brochure last updated in March 2022; no material changes have occurred since that filing. However, non-material updates have been included such as updated regulatory assets under management.

Nevertheless, investors are encouraged to review this Brochure in its entirety. The information set forth in this Brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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**Item 4: Advisory Business**

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**Item 4.A.**

3B 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. 3B was founded in September 2018 by Carl Baggett, the Firm's managing partner and Thomas Bonn (the "**Principals**").

**Item 4.B.**

3B serves as an investment manager and provides advisory services on a discretionary basis to privately offered pooled investment vehicles including the Base Rate Fund QP, L.P., Base Rate Fund, L.P., and Base Rate OE Fund, L.P. (each a "**Fund**" and Collectively, the "**Funds**"). The Funds are also referred to as the "**Client**" or "**Clients**". 3B Management GP, LLC serves as the general partner to the Firm and is also controlled by the Principals.

Generally, 3B will employ both a long/short volatility arbitrage investment strategy designed to profit from certain relationships in options and an evidence based opportunistic exposure to equities when appropriate. 3B's dynamic process includes both quantitative and qualitative evidence coupled with judgment. Instruments invested will include but are not limited to equities, exchange traded funds, cash options on indexes and/or individual securities, futures, agency/government and corporate debt.

**Item 4.C.**

The Firm's advisory services are provided to the Funds pursuant to the terms of the Funds' private placement memoranda, limited partnership agreements, and/or investment management agreements (collectively, the "Governing Documents") and based on the specific investment objectives and strategies as disclosed therein. The Funds will under certain circumstances impose restrictions on investing in certain types of securities in accordance with each Governing Document. 3B provides advisory services to the Funds, rather than to any individual investor in the private funds. Therefore, it should be noted that the Firm does not tailor its investment advice to take into account any specific investment conditions of any individual investor in a private fund.

**Item 4.D.**

3B does not participate in, nor does it sponsor, wrap fee programs.

**Item 4.E.**

As of December 31, 2022, 3B managed approximately \$205,758,102 in assets under management; \$205,758,102 on a discretionary basis; and \$0 on a non-discretionary basis.

*See Item 8 of this brochure for a more detailed discussion of 3B's investment strategies.*

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## ***Item 5: Fees and Compensation***

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### **Item 5.A.**

All investors and prospective investors should review the Governing documents of each Fund together with this brochure for complete information on the fees and compensation payable with respect to a particular Fund. Generally, 3B receives a management fee and performance allocation 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:

3B receives a fixed management fee (the “**Management Fee**”) from limited partners of the Fund, paid monthly in arrears, in an amount generally equal to an annual rate of 1.0% of the limited partner’s capital account balance. The General Partner is entitled to an a performance-based profit allocation (the “**Performance Allocation**”) at the end of each calendar quarter (and/or at certain other times), generally, to 20% of the amount by which, generally, the Fund’s net profits allocated to the limited partner’s capital account for the current calendar year exceeds the balance in such limited partner’s Carryforward Account. The General Partner and/or the Investment Manager (as applicable) will under certain circumstances agree with certain limited partners to a variation of the terms set forth in the Governing Documents or establish additional classes of interests that have terms that differ from those described in the Governing Documents including different management fees, performance allocations and withdrawal rights.

### **Item 5.B**

The Management Fee is calculated separately for each limited partner and is debited from each limited partners’ capital account. The Management Fee is calculated and paid each month in arrears. The Performance Allocation is calculated and charged separately with respect to each limited partner’s capital account at the end of each quarter.

### **Item 5.C**

The General Partner and the Investment Manager intend to bear the expenses of the Funds and the offering of Interests including legal and accounting fees, printing costs, travel, blue sky filings, and other regulatory filing fees and expenses and out of pocket expenses. Placement fees not paid by the Investment Manager will, under certain circumstances, be paid by the Funds or the General Partner. To the extent the placement fee is paid for by the Fund, the Management Fee will be reduced by an identical amount.

The underlying investors in the Funds bear the costs and expenses of the fund, including, without limitation, (i) costs and expenses related to the Fund’s investment program, including expenses related to proxies, underwriting and private placements, data feed hardware and software, research, trade publications, brokerage commissions, bank service fees, interest on debit balances or borrowings, custody fees, fees assessed by prime brokers, and other third-party service fees, and any taxes (including, but not limited to, withholding and transfer taxes) imposed on the Fund, expenses relating to any short sales, clearing and settlement charges, and travel expenses; (ii) all out-of-pocket costs of the administration of the Fund, including, without limitation, fees and expenses of any administrator, accounting, audit, tax and tax preparation expenses, legal expenses, costs of any litigation or investigation involving the Fund’s activities, and costs associated with reporting and providing information to existing and prospective limited partners, the costs of holding any meeting of the Partners, fees and expenses of any Administrator, and any costs of procuring and maintaining insurance for the benefit of the Funds, the General Partner, the Investment Manager or any other indemnified persons; (iii) any governmental, regulator, licensing, filing or registration fees and expenses (including any fees and expenses associated with any regulatory,

operations or compliance consultant) incurred by the Fund, the General Partner or the Investment Manager in compliance with the rules of any self-regulatory organization or any federal, state or local or other applicable laws; (iv) any withholding, transfer or other taxes imposed on, or payable by, the Fund or any of its Partners; (v) all costs, fees and expenses associated with the ongoing offering of the Interests; provided, however, that the Management Fee will be reduced (but not below zero) by the amount of any placement agent or solicitation fees borne by the Fund; (vi) any costs or expenses associated with the winding up and liquidation of the Fund; and (vii) the Management Fee (collectively, “**Fund Expenses**”).

If the General Partner or the Investment Manager incurs any of the expenses mentioned above for the account of the Funds, any Parallel Funds or other investment accounts managed by the Investment Manager with the same investment program, then the Investment Manager will allocate such expenses among them in proportion to their respective net assets, or in such other manner as the Investment Manager considers fair and reasonable.

The Funds do not have their own separate employees or offices, and do not reimburse the General Partner or the Investment Manager for salaries, office rent and other general overhead costs of the General Partner or the Investment Manager. The Fund’s brokerage transactions will not generate “soft dollar” credits for the General Partner or the Investment Manager.

#### **Item 5.D**

The Clients do not pay any fees in advance.

#### **Item 5.E**

Neither 3B nor its supervised persons are compensated for the sale of securities or other investment products or mutual funds.

*See Item 12 of this brochure for additional information regarding 3B’s brokerage practices.*

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

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As noted in Item 5 above, 3B’s General Partner is entitled to a Performance Allocation from 3B’s Clients at the end of each quarter. At the time of filing, the Manager does not perform advisory services for any separately managed accounts. In the event that 3B assumes any separately managed account clients, 3B expects to charge management fees and/or performance-based allocations to those accounts that are similar to those stated above for the Funds.

In addition, 3B’s affiliates’ right to receive performance-based compensation could create an incentive for 3B to cause a Fund to make investments that are riskier or more speculative than would be the case if 3B’s affiliate(s) did not receive such compensation. Notwithstanding the foregoing, 3B always acts in the best interest of the Funds.

***SEE ITEM 8 OF THIS BROCHURE FOR A MORE DETAILED DISCUSSION OF THE RISKS AND CONFLICTS OF INTEREST ASSOCIATED WITH 3B’S ADVISORY SERVICES.***

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**Item 7: Types of Clients**

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As set forth above in Item 4 of this brochure, 3B provides discretionary investment advice to 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 will, under certain circumstances, change the required minimum initial contribution amount.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act, and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, or “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

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

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**Item 8.A**

3B employs both a long and short volatility arbitrage investment strategy designed to profit from certain relationships in options and an evidence based opportunistic exposure to equities when appropriate. 3B’s dynamic process includes both quantitative and qualitative evidence coupled with judgment. Instruments invested will include but are not limited to equities, exchange traded funds, cash options on indexes and/or individual securities, futures, agency/government and corporate debt.

**Item 8.B and Item 8.C.**

The following summary identifies certain material risks related to 3B’s investment strategies. The summary does not intend to identify all possible risks associated with investment advisory services provided by 3B, 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. *Prospective Clients and investors should read this entire Form ADV and all accompanying materials provided by 3B and consult with their own advisers before deciding whether to invest with or be advised by 3B. In addition, as the strategies develop and change over time, an investment will likely be subject to additional and different risk factors. There will likely be other risks specific to any decision to invest with or be advised by 3B that are not discussed herein. These risk factors should be read as being specific to all Clients, notwithstanding any references below to a “Fund” (which should be read to include all Clients and investors who are invested in a Fund unless the context otherwise requires).*

**Investment Risk Factors***Investment Judgment; Market Risk*

The profitability of a significant portion of the 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 Investment Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Funds, there is always some, and occasionally a significant, degree of market risk.

*Reliance on Key Person*

The Funds will be substantially dependent on the services of the Principals. In the event of the death, disability, departure or insolvency of either of the Principals, or the complete transfer of a Principal’s interest in the Investment Manager, the business of the Fund may be adversely affected. The Principals

will devote such time and effort as he deems necessary for the management and administration of the Funds' business. However, the Principals will, under certain circumstances, engage in various other business activities in addition to managing the Funds, and consequently may not devote all time to Fund business.

### Illiquidity

The investments made by the Funds will, under certain circumstances, be very illiquid, and consequently the Funds will, under certain circumstances, 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 Funds. Illiquidity will, under certain circumstances, result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Funds and other factors. Furthermore, the nature of the Funds' investments will, under certain circumstances, require a long holding period prior to profitability. The General Partner has the authority 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.

### Short Sales

The Funds will, under certain circumstances, enter into transactions, known as "short sales," in which they sell a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Funds that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Funds will, under certain circumstances, mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Funds 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 will, under certain circumstances, also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives will, under certain circumstances, also expose investors to liquidity risk, as there will, under certain circumstances, 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 Funds contract for the purpose of making derivative investments (the "**Counterparty**"). In the event of the Counterparty's default, the Funds 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.

### Risk in Writing Options

Writing options can provide a greater potential for loss than an equivalent investment in the underlying asset. Where an option is written or granted (*i.e.*, sold) uncovered (as will usually be the case when the



Funds write options), the seller will, under certain circumstances, be liable for a risk of loss which is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which will, under certain circumstances, upon exercise of the option, be significantly different from the market value. The value of an option will, under certain circumstances, decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. The Funds' options strategy depends on these factors combining to allow the options to expire unexercised. A significant risk related to the Funds' strategy is that the value of a financial instrument on which an option is written could move significantly causing the options written by the Funds to be "in-the-money" at the expiration date. Although the Investment Manager intends to mitigate this risk by changing the strike prices of the option contracts, thereby reducing the probability of that instrument exceeding those respective strike prices, there can be no assurance that the Investment Manager will be successful in this strategy.

#### 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 Funds are maintained) and the various foreign currencies in which the Funds' 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 Funds will, under certain circumstances, invest in securities of companies located in emerging market countries. The value of emerging market securities will, under certain circumstances, 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 Funds, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on distributions.

#### Economic and Political Risks

A portion of the Funds' assets will, under certain circumstances, be invested in countries where the market economy is relatively less developed. Although the recent general trend in such countries has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies will not be altered significantly. Political instability, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond the Investment Manager's control could have a material adverse effect on the performance of the Funds.

#### International Trade

The economies of many emerging markets are heavily dependent upon international trade and, accordingly, have been and will, under certain circumstances, continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and will, under certain circumstances, continue to be adversely affected by economic conditions in the countries with which they trade.

### Futures Cash Flow

Futures contracts gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there will, under certain circumstances, be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

Most United States futures exchanges limit fluctuations in certain commodity interest 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 will, under certain circumstances, be executed at prices beyond the daily limits. Once the price of a particular contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses, which could exceed the margin initially committed to such trades.

Each exchange on which futures are traded and the CFTC (for U.S. based-exchanges) typically have the right to suspend or limit trading in the contracts that each such exchange lists. Such a suspension or limitation could render it impossible for the Funds to liquidate their positions and thereby expose them to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for the Funds to close out existing futures positions. It is also possible that an exchange or the CFTC could order the immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

### Investment Controls

Restrictions or controls may at times limit or preclude foreign investment in certain emerging markets and increase the costs and expenses of the Funds. Certain emerging markets require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that will, under certain circumstances, have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. Certain emerging markets will, under certain circumstances, also restrict investment opportunities in issuers in industries deemed important to national interests.

Investments in emerging markets will, under certain circumstances, require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if a deterioration occurs in an emerging market’s balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Funds of any restrictions on investments. Investing in emerging markets will, under certain circumstances, require the Funds to adopt special procedures, seek local government approvals or take other actions, each of which will, under certain circumstances, involve additional costs to the Funds.

### Borrowing and Leverage

Subject to applicable margin and other limitations, the Funds will, under certain circumstances, borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Additionally, the Funds will likely create leverage via the use of instruments such as options and other derivative instruments. Consequently, the effect of fluctuations in the market value of the Funds’

portfolios would be amplified. Interest on borrowings will be a portfolio expense of the Funds and will affect the operating results of the Funds.

### 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 will, under certain circumstances, 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 will, under certain circumstances, become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller will, under certain circumstances, 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 will, under certain circumstances, upon exercise of the option, be significantly different from the market value.

### Commodities and Futures

The Funds will, under certain circumstances, 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 Investment 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 Investment Manager are subject to specific limitations on the amount of commodity interests and futures that they can trade on behalf of the Funds. Should the Funds' investments in commodity interests or futures instruments exceed the limits provided by the applicable exemption from registration, the General Partner and/or the Investment Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Funds and liquidate the Funds' holdings of commodity interests and futures which could result in losses and additional costs to the Funds.

### Emerging Market Inflation

Emerging market countries tend to have periods of high inflation and high interest rates, as well as substantial volatility in interest rates. The value of emerging market securities can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant security.

### Turnover

The Funds will, under certain circumstances, invest on the basis of short-term market considerations. The portfolio turnover rate of the Funds will, under certain circumstances, be significant, potentially involving substantial brokerage commissions and fees.

### Investment Authority

Substantially all decisions with respect to the management of the Funds are made by the General Partner and the Investment Manager. Limited partners have no right or power to take part in the management of the Funds. In the event of the withdrawal or bankruptcy of the General Partner, generally the Funds will be liquidated.

### Performance Allocation

The Performance Allocation made to the General Partner creates an incentive for the Investment Manager, an affiliate of the General Partner, to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation.

### Withdrawal Restrictions

There are severe restrictions on withdrawals from the Funds (which will, under certain circumstances, be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any limited partner. Because of the restrictions on withdrawals and transfers, an investment in any Fund advised by 3B is a relatively illiquid investment and involves a high degree of risk. A subscription for interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

### No Distributions

Since the Funds do not generally intend to pay distributions, an investment in the Funds are not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Funds, even though no cash is distributed by the Funds.

### In-Kind Distributions

A withdrawal distribution will, under certain circumstances, be made in cash or in-kind, or any combination thereof. The General Partner will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind, as well as the particular securities to be distributed. Distributions that are made in-kind will, to the extent practicable, not be disproportionately allocated to any limited partner or limited partners. However, a prior or contemporaneous in-kind distribution to some limited partners will not affect the Funds' right to distribute cash to limited partners.

In the event that a distribution in-kind does not represent a pro rata portion of the portfolio, a limited partner receiving assets through such distribution may experience lower returns than it would have if it received a pro rata portion of the portfolio (or was distributed different assets in any non pro rata distribution). Conversely, the Funds' performance after making such a distribution will, under certain circumstances, be lower than it would have if such assets remained in the portfolio entirely or were distributed pro rata in accordance with the portfolio, thereby adversely affecting the remaining limited partners.

### Possible Effect of Withdrawals

Limited partners may withdraw capital from their respective capital accounts in accordance with the terms of the Partnership Agreement. A significant withdrawal of capital from the Funds could require the Funds to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the withdrawals and to achieve an investment allocation appropriately reflecting a smaller portfolio. This will, under certain circumstances, cause a temporary imbalance in the Funds' portfolios, which will, under certain circumstances, adversely affect the remaining limited partners.

### Compulsory Withdrawals

The General Partner will, under certain circumstances, require a limited partner to withdraw from the Funds, in whole or in part, at any time and for any reason or no reason, upon written notice to such limited partner, with any withdrawal proceeds paid in the same manner as for withdrawals initiated by a limited partner.

### Currency Risk

The Funds will, under certain circumstances, invest its capital in securities that are custodied in different countries, the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds value their securities in U.S. dollars and therefore will, under certain circumstances, be affected by fluctuations in currency values.

### Cash Distributions Upon Withdrawals and Leverage

The Fund's ability to make cash distributions to a withdrawing limited partner or to the partners, if applicable, will, under certain circumstances, be limited by, among other things, the terms of the investment leverage entered into by the Funds for the purpose of making portfolio investments on a leveraged basis.

### Concentration of Holdings

Although the Investment Manager has adopted informal guidelines on diversification, those guidelines are subject to change by the Investment Manager, and there are no limits on the Investment 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 Investment Manager will 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 Funds to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

### Diversification

Since the Funds' portfolios will not necessarily be widely diversified, the investment portfolios of the Funds will likely be subject to more rapid changes in value than would be the case if the Funds were required to maintain a wide diversification among companies, securities and types of securities.

### Valuations

From time to time, certain situations affecting the valuation of the Funds' investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Funds) could have an impact on the net asset value of the Funds, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Funds are not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

### Non-Public Information

From time to time, the Investment Manager may come into possession of non-public information concerning specific companies. Under applicable securities laws, this will, under certain circumstances, limit the Investment Manager's flexibility to buy or sell portfolio securities issued by such companies. The Funds' investment flexibility would be constrained as a consequence of the Investment Manager's inability to use such information for investment purposes.

### Soft Dollars

The Investment Manager does not intend to enter into "soft dollar" arrangements with broker-dealers whereby the Investment Manager would direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Investment Manager will use the research and services in making investment decisions for the Funds, the Investment Manager will, under

certain circumstances, use such research or services for other accounts and the Funds will generally pay more than the lowest available commissions for execution of these transactions.

#### *Absence of Registration*

The Funds have not and will not register under the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a funds' board of directors, including a majority of disinterested directors, approve certain of the funds' activities and contractual relationships, prohibit certain trading and investment activities and prohibit the funds from engaging in certain transactions with its affiliates, will not be applicable.

#### *ERISA*

Because it is intended that the Funds will not hold or be deemed to hold "plan assets" (within the meaning of ERISA), "benefit plan investors," as such term is defined under Section 3(42) of ERISA, will, under certain circumstances, not have the protection of ERISA with respect to the investments and other activities of the Fund.

#### *Broker Insolvency Risk*

Transactions entered into by the Funds will likely be executed on various U.S. and non-U.S. exchanges, and will likely be cleared and settled through various clearing houses, custodians, depositories, broker-dealers and prime brokers throughout the world. While U.S. rules and regulations applicable to these brokers will, under certain circumstances, offer significant protections to the assets of their clients if one of them were to become insolvent, the assets of the Funds held at such broker could be at risk. For example, while brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients and not specifically in the name of the Funds. Additionally, the broker will, under certain circumstances, be able to transfer client assets out of such client accounts in the ordinary course of its business. The Funds could experience losses if the clients' aggregate claims exceeded the amount of client assets such broker actually held at the time of the insolvency. In addition, while the return of client property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Funds will, under certain circumstances, be unable to trade the securities that were held by the insolvent broker during this transfer period.

The assets of the Funds also will likely be held by non-U.S. brokers. Although certain non-U.S. jurisdictions provide similar protections to client assets, there can be no assurance that the Funds will not experience losses in any insolvency of such a non-U.S. broker. The Funds will attempt to execute, clear and settle transactions through entities that the Investment Manager believes to be sound, but there can be no assurance that a failure by any such entity will not lead to a loss to the Funds. In addition, the Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges in the United States and other countries are authorized to take extraordinary actions in the event of market emergencies. Such actions could lead to Fund losses as a result of delay in settling transactions or other circumstances.

#### *Counterparty Risk*

The Funds are subject to the risk that counterparties of derivative contracts and other instruments in which they invest and trade may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. Some of the markets in which the Funds effect transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and regulatory oversight as are members of exchange-based markets. The Funds therefore are exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual terms and conditions because of a dispute over the terms of

the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. These risks will, under certain circumstances, differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries. Although the Funds intend to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy, will attempt to reduce the Funds' exposure by obtaining collateral in appropriate cases and will pursue any available remedies under any of these contracts, there can be no assurance that a counterparty will not default and that the Funds will not sustain a loss on a transaction as a result. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Concentration of transactions with a limited number of counterparties could increase the potential for losses by the Funds. The Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

### Cybersecurity

The Funds, the Investment 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 Funds invest, which could result in material adverse consequences for such issuers and will, under certain circumstances, cause the Funds' investments in such portfolio companies to lose value. These risks will, under certain circumstances, 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, Investment 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 Funds invest, could cause disruptions and impact business operations, potentially resulting in one or more of the following: material financial losses, interference with the Funds' 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 Funds or their 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 Funds' assets, transactions, ownership of interests, and other data integral to the functioning of the Funds. Substantial costs will, under certain circumstances, be incurred by the Funds in order to prevent or address cyber-incidents in the future. The Investment 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 Funds, the Funds will, under certain circumstances, be unable to anticipate these techniques or to implement adequate preventive measures. Furthermore, the General Partner and the Investment Manager are unable to directly control the cybersecurity procedures and systems of any service providers or portfolio companies, and any of the Funds and the limited partners could be materially and adversely impacted as a result.

### Agreements with Certain Limited Partners

The Funds or the General Partner will, under certain circumstances, enter into “side letter” agreements with certain limited partners pursuant to which the Funds will, under certain circumstances, give certain limited partners rights not granted to other limited partners, including one or more of the following: (i) reduced Management Fees, (ii) reduced Performance Allocation and (iii) the right to withdraw all or a portion of their investment in the Funds on shorter notice and/or with more frequency than the terms described in Governing Documents. As a result, certain limited partners will, under certain circumstances, be able to withdraw their interests at times when other limited partners cannot. Subject to applicable law, the Funds do not intend to disclose the terms of such side letter agreements and do not intend to disclose the identities of the limited partners that have entered into such agreements.

In view of the foregoing considerations, an investment in interests is suitable only for investors who are capable of bearing the relevant investment risks.

## **Tax Related Risks**

### Uncertainty and Complexity of Tax Treatment

The tax aspects of an investment in a partnership, such as the Funds, are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors will, under certain circumstances, therefore, be subject to uncertainty with respect to the tax consequences associated with certain aspects of an investment in the Funds. Each prospective investor should have the tax aspects of an investment in the Funds reviewed by professional advisors familiar with such investor’s personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles.

### Risk of Adverse Determination

There can be no assurance that the expected tax treatments will not be challenged successfully by the Internal Revenue Service (the “**IRS**”), or significantly modified by new legislation or regulations, changes in the IRS’s positions or court decisions. The Funds have not applied for, nor do they expect to apply for, any advance rulings from the IRS with respect to any federal income tax consequences. No representation or warranty of any kind is made by the General Partner with respect to the federal income tax consequences relating to an investment in the Funds. The Funds will, under certain circumstances, take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS or other applicable taxing authority, there could be a materially adverse effect on the Funds, and a limited partner will, under certain circumstances, have a different tax liability for that year than that reported on its income tax returns.

### Risk of Tax Audit

An audit of the Funds by the IRS or another taxing authority could result in adjustments to the tax consequences initially reported by the Funds and will, under certain circumstances, result in an audit of the returns of some or all of the limited partners, which examination could affect items not related to a limited partner’s investment in the Funds. If audit adjustments result in an increase in a limited partner’s income tax liability for any year, such limited partner will, under certain circumstances, also be liable for interest (and, potentially, penalties) with respect to the amount of the underpayment, if any. The legal and accounting costs incurred in connection with any audit of the Funds’ tax returns, which as the case may be, may be significant, will be borne by, and treated as expenses of, the Funds. The cost of any audit of a limited partner’s tax return will be borne solely by that limited partner.



### Payment of Audit Adjustments

Pursuant to the Bipartisan Budget Act of 2015, if an audit of the Funds by the IRS results in an imputed underpayment, the Funds will, under certain circumstances, pay any resulting taxes, penalties and interest directly. Generally, the Funds will, under certain circumstances, elect to shift such tax liability to the partners, but there can be no assurance that the Funds would make such election under all circumstances. If the Funds are required to make payments of taxes, penalties and interest resulting from audit adjustments, its cash available for distribution or investment will, under certain circumstances, be substantially reduced.

### Tax Considerations Taken into Account

The General Partner will, under certain circumstances, take tax considerations into account in determining when the Funds' investments should be sold or otherwise disposed of. The Funds will, under certain circumstances, take on certain market risk and incur certain expenses in this regard in an attempt to achieve a form of tax treatment with respect to a transaction.

Pursuant to the Tax Cuts and Jobs Act, passed on December 20, 2017, the holding period of a capital asset must exceed three years for gain from the disposition of such asset to be treated as long-term capital gain (and subject to preferential tax rates) with respect to certain partnership interests. Typically, for limited partners the holding period must only exceed one year for gain to be treated as long-term capital gain. It is expected that the interests of the General Partner and the special limited partner in the Funds will be subject to the three-year holding period rules. This would result in a conflict of interest between the General Partner, the special limited partner and the limited partners with respect to certain investments. The General Partner will endeavor to utilize a uniform investment strategy which determines the timing of the disposition of investments based on valuations, industry trends and market opportunities. However, there can be no assurances that this potential conflict of interest will not result in the Funds taking on market risk with respect to the timing of the disposition of certain investments.

### Tax Liabilities Without Distributions

Each limited partner, in computing its federal income tax liability for a taxable year, is required to take into account its distributive share of the Funds' items of income, deduction, gain, loss, and credit for the taxable year of the Funds ending within or with the taxable year of the limited partner – in accordance with the allocations set forth in the partnership agreements – regardless of whether the limited partner has received or will receive corresponding distributions from the Funds. Because the General Partner anticipates that there will be no cash (or property) distributions to the limited partners prior to their withdrawals, an investor will, under certain circumstances, incur tax liability with respect to activities of the Funds without receiving sufficient distributions from the Funds to defray such tax liabilities. In order to satisfy its tax liability in such a case, a limited partner will need sufficient funds from sources other than the Funds. Furthermore, the Funds will, under certain circumstances, make investments with respect to which the Funds may recognize income for U.S. federal income tax purposes prior to receiving cash (or property) therefrom. In addition, the Funds will, under certain circumstances, in one or more taxable years, recognize income for U.S. federal income tax purposes that does not reflect its income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, will, under certain circumstances, result in increased tax liability for the partners in one or more taxable years.

### Delayed Schedules K-1

The Funds will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Funds will, under certain circumstances, be unable to provide final Schedules K-1 to limited partners for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide limited partners with estimates of the taxable income or loss allocated to their investments in the Funds on or before such date, but final Schedules K-1 will, under

certain circumstances, not be available until completion of the Funds' annual audit. Limited partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

#### Unrelated Business Taxable Income

The Funds do not anticipate entering into investments or engaging in activities that would give rise to unrelated business taxable income ("**UBTI**"). If the Funds were to participate in investments that generate UBTI, because of the "flow-through" principles applicable to partnerships, if UBTI is earned by the Funds, a tax-exempt investor in the Funds would realize UBTI. Because of the General Partner's objective of maximizing the pre-tax returns of all the limited partners, the General Partner will, under certain circumstances, be required to make certain decisions to maximize pre-tax returns that result in Tax-Exempt U.S. investors recognizing more UBTI than might otherwise be the case. In some cases, the General Partner may forego actions with regard to the acquisition, financing, management and disposition of assets that would reduce UBTI because such actions would reduce the overall pre-tax returns to all the limited partners.

#### Non-U.S. Investments and Emerging Markets

Certain investments made by the Funds will, under certain circumstances, be subject to foreign taxes, including brokerage, stamp, withholding or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. All distributions to the Funds will be made net of any taxes payable on those distributions or on amounts out of which they are distributed (including any corporate, foreign, local and withholding taxes). In addition, if the Funds invest in foreign entities that are treated as "passive foreign investment companies" or "controlled foreign corporations" for U.S. federal tax purposes, limited partners will, under certain circumstances, have adverse tax consequences from their indirect interests in those entities through the Funds. Investing in the securities of companies located outside the U.S. involves certain tax considerations not usually associated with investing in securities of U.S. companies. With respect to certain countries, there is a possibility of confiscatory taxation, the imposition of withholding or other taxes on dividends, interest, capital gains or other income and less favorable tax provisions. In addition, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if the Funds invest significantly in a particular country.

#### Tax Changes

Investors will be subject to the risk that changes to the tax law will, under certain circumstances, adversely affect the federal income tax consequences of their investment in the Funds. Changes in existing tax laws, rules, or regulations, and/or interpretations of them, may be enacted after the date of this brochure, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Funds. Certain provisions of the Code, as amended, may be further amended or interpreted in a manner adverse to the Funds, in which event any benefits derived from an investment in the Funds will, under certain circumstances, be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made, and may continue to be made, by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Funds and/or the limited partners. Enactment of such legislation, or similar legislation, could require significant restructuring of the Funds in order to mitigate such effects.

## Potential Conflicts of Interest

The Investment Manager manages other client accounts (and will, under certain circumstances, add new accounts or investment vehicles in the future), some of which may have objectives similar to those of the Funds, which will, under certain circumstances, be managed by the Investment Manager or any of its affiliates and in which the Investment Manager or any of its affiliates will, under certain circumstances, have an equity interest. Generally, the Funds and any Parallel Fund (and any other investment accounts managed by the Investment Manager with the same investment program) will invest and operate *pari passu* with investments and expenses allocated based on net assets and, if otherwise, in a manner that is fair and equitable.

The partnership agreements require that the General Partner, and the Investment Manager as a delegate of the General Partner pursuant to the Investment Management Agreement, act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Funds, but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Funds or any restrictions on the nature or timing of investments for the account of the Funds and for the Investment Manager's own account or for other accounts that the Investment Manager or its affiliates manage. The Investment Manager is not obligated to devote any specific amount of time to the affairs of the Funds, and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

When the Investment Manager determines that it would be appropriate for the Funds and one or more other investment accounts to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis. If the Investment Manager has determined to invest at the same time for more than one of the investment accounts, the Investment Manager will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Funds could be disadvantaged because of the investment activities conducted by the Investment Manager for other investment accounts.

From time to time, the Investment Manager will, under certain circumstances, determine that a sale of positions from one client account to another is in the best interests of both accounts. For example, the Funds will, under certain circumstances, acquire investments from unrelated sellers and will, under certain circumstances, reoffer a portion of such investments to affiliated investment vehicles that were subject to legal, fiscal or other restrictions on participating in the original transaction. Alternatively, an affiliate will, under certain circumstances, acquire an investment from an unrelated seller in anticipation of offering it to the Funds at a future date, if the Funds do not have available capital to make the investment when it is being marketed by the unrelated seller. While these transactions with related parties are expected to expand the universe of opportunities that are available to the Funds and other clients of the Investment Manager, the Funds will not necessarily derive a benefit from each such transaction, and the Funds and the other party to a particular transaction will, under certain circumstances, have divergent interests. Moreover, there will, under certain circumstances, be uncertainties regarding the valuation of investments that are subject to these transactions.

Any of the 3B affiliates will, under certain circumstances, buy and sell securities for their own accounts or the accounts of others, but will, under certain circumstances, not buy securities from or sell securities to the Funds. The 3B Capital affiliates will, under certain circumstances, engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Funds have no rights to participate in or benefit from the other management activities of the Investment Manager and the 3B affiliates are not obligated to account to the Funds for any profits or benefits made or derived therefrom,

nor shall they have any obligation to disclose or refer to the Funds any of the investment or service opportunities obtained through such activities.

*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 3B. Prospective investors should read the relevant Governing Documents in their entirety and consult with their own advisors before deciding to invest.*

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***Item 9: Disciplinary Information***

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3B and its supervised persons have no disciplinary events to disclose.

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

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**Item 10.A**

Neither 3B nor any of its management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**Item 10.B**

Neither 3B nor any of its management persons are registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant.

**Item 10.C**

3B has no other relationships or arrangements material to its advisory business or to its Clients to further disclose.

**Item 10.D**

Neither 3B nor its managing persons recommend or receive compensation for selection of other investment advisors for its Funds.

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

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3B has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code is applicable to 3B, officers, directors, partners and employees (collectively, “**Access Persons**”). The Code generally sets the standard of ethical and professional business conduct that 3B requires of Access Persons, sets forth the fiduciary obligations that 3B and each Access Person owes to each Client, and requires Access Persons to comply with applicable federal securities laws and regulations. The Code requires 3B and its Access Persons to put the interests of Clients before their own interests and to act honestly and fairly in all respects in dealings with Clients. Additionally, the Code sets forth 3B’s policies and procedures with respect to personal trading, material non-public information and other confidential information, political contributions, gifts and entertainment, electronic communications and other matters related to potential

conflicts of interest. Any exceptions to the Code require the prior approval of the Chief Compliance Officer. The Code is circulated at least annually to all Access Persons, and Access Persons at least annually must certify in writing that he or she has received and read the Code and any amendments thereto.

The Code generally prohibits transactions in most securities held in Client account portfolios. In addition, transactions in new issues (IPOs) and private placements or limited offerings require pre-approval from the Chief Compliance Officer. The Code requires periodic reporting of Access Persons' personal securities transactions and all holdings; places other restrictions on Access Persons' personal trading; and requires prompt internal reporting of Code violations. 3B endeavors to maintain current and accurate records of all personal securities accounts of its Access Persons in an effort to monitor all such activity. A copy of 3B's Code is available upon written request.

Certain transactions in which 3B engages will, under certain circumstances, require, for either business or legal requirements, that no Access Person trade in the subject securities for specified time periods. Such securities will appear on a Restricted List that will be circulated to all Access Persons. No Access Person will engage in any sort of trading activity with respect to a security on the Restricted List without obtaining prior written approval from the Chief Compliance Officer.

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#### ***Item 12: Brokerage Practices***

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In determining which broker-dealer generally provides the best available price and most favorable execution, the Investment Manager considers a totality of circumstances, including the broker-dealer's 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 Investment Manager and the value of research and brokerage and research products and services provided by such brokers.

Currently, the Fund's brokerage transactions will not generate "soft dollar" credits for the General Partner or the Investment Manager.

3B will, under certain circumstances, also execute trades with brokers and dealers with whom the Funds or the Investment Manager has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in the Funds or other entities managed by the Investment Manager. However, the Investment Manager does not believe that these other relationships will influence the choice of brokers and dealers who execute trades for the Funds.

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#### ***Item 13: Review of Accounts***

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A. The portfolio investments of each Fund are reviewed by the Principals who generally maintain an ongoing oversight of each Client's portfolio.

B. The Firm will conduct reviews other than on a periodic basis generally depending on the facts and circumstances at that time.

C. Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund.

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

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**Item 14.A**

3B does not receive economic benefits other than the stated fees described in this brochure from someone who is not a Client for advising the Clients.

**Item 14.B**

3B and its affiliates do not engage or compensate third party agents to solicit new clients or investors.

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***Item 15: Custody***

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Under applicable regulatory interpretation, 3B is deemed to have custody of the assets of the Funds because 3B acts as the Investment Manager to the Funds and has an affiliated party that acts as general partner of the same. 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. Investors in such Funds will receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of such Fund's fiscal year-end.

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***Item 16: Investment Discretion***

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3B has discretionary authority to manage securities on behalf of the Funds. 3B therefore determines which securities and the amounts of securities it buys and sells for the Funds.

As explained in Item 4.C. above, this authority has been granted to 3B 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. Investors must execute a subscription agreement in which they make various representations, including their suitability to invest in the applicable Funds.

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***Item 17: Voting Client Securities***

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As applicable, 3B 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.

3B has in place a proxy voting policy to ensure 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 interest between 3B and the Clients. If a material conflict of interest between 3B and the Clients exist,

3B would determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interest of the Clients or whether it is necessary to take some other appropriate action.

3B will, under certain circumstances, 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 can obtain both information regarding how 3B voted its securities and a copy of 3B'S Proxy Voting Policy by contacting the Chief Compliance Officer, Carl Baggett, by phone at (214) 420-0832 or by email at [CBAGGETT@3B-CAPITAL.COM](mailto:CBAGGETT@3B-CAPITAL.COM).

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***Item 18: Financial Information***

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**Item 18.A**

Not applicable. 3B does not require nor solicit prepayment of management fees, of more than \$1,200 in fees per client, six months or more in advance.

**Item 18.B:**

Not applicable. 3B is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to Clients.

**Item 18.C:**

Not applicable. 3B has not been the subject of a bankruptcy petition at any time during the past ten years.