

## Conscious Endeavors LP

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**March 30, 2023**

This brochure (this “Brochure”) provides information about the qualifications and business practices of Conscious Endeavors LP. If you have any questions about the contents of this Brochure, please contact us by email at [compliance@consciousendeavors.com](mailto:compliance@consciousendeavors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Conscious Endeavors LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2. Material Changes**

Conscious Endeavors LP filed its last annual amendment Brochure on March 29, 2022. This Brochure has been updated to reflect, among other things, the following:

- The name change for a client and affiliate of Conscious Endeavors LP.
- Updates to certain aspects of the investment objective, fees and risks related to a client advised by Conscious Endeavors LP.

There are no other material changes. Nonetheless, clients are encouraged to read this document in its entirety.

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

Conscious Endeavors LP (“we” “us,” or “our”) is a Delaware limited partnership that was formed on May 14, 2019. We are principally owned and controlled by John D. Meyercord (the “Principal”).

We provide discretionary investment advice to Impower Investment Holdings LP (the “Fund”). We also provide discretionary investment advice to multiple separately managed accounts and may advise additional separately managed accounts in the future. References throughout this document to “clients” refer to the Fund, the separately managed accounts, and any investment vehicles that we may advise in the future.

Client accounts will be managed in accordance with their own investment and trading objectives, as described in their respective offering documents, governing agreements or advisory agreements (collectively, the “Governing Documents”), as applicable. We do not permit investors in the Fund to impose limitations on the investment activities described in such documents. Under certain circumstances, we may contract with a separately managed account to adhere to limited risk and/or operating guidelines imposed by that client. We negotiate such arrangements on a case-by-case basis. *(See Item 16 - Investment Discretion)*

Impower IH GP LLC (“Impower GP”) serves as the general partner to the Fund.

We do not participate in wrap fee programs.

As of December 31, 2022, we managed approximately \$113,560,668 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

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

Our fees and compensation are described in our clients’ Governing Documents.

##### *The Fund*

The Fund pays us a quarterly asset-based management fee equal to 0.375% (1.5% on an annualized basis). Management fees are paid quarterly in advance. The management fee will be prorated for partial periods. We may, in our discretion, reduce or refund all or a portion of our management fee for any investor, or may agree with an investor to other arrangements in respect of our management fee, without notice to, or the consent of, other investors.

Impower GP is also entitled to receive performance-based allocations from the Fund, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

##### *Separately Managed Accounts*

Our compensation schedule with respect to separately managed accounts will be contained in the investment advisory agreement relating to such account. Currently, the separately managed accounts that we manage pays us a flat quarterly management fee, which is payable in advance. Such management fee will be prorated for partial periods. Such management fees are invoiced to, and paid by, the owner of the separately managed account.

### *Expenses Generally*

The Fund bears its allocable share of its organizational and offering expenses, as well as the expenses of conducting its business, including, without limitation, auditing, accounting (including third-party accounting services) and tax preparation fees and expenses, ongoing legal and bookkeeping expenses, costs related to investments and prospective investments, including brokerage commissions, expenses related to short sales, clearing and settlement charges, option premiums, and other securities transaction costs (including research-related diligence, travel and consultant expenses), insurance expenses, technology expenses (including order management and risk management systems and software and data fees), banking, custodial and services fees, administrator expenses (including middle/back office services), governmental fees and taxes, the legal and accounting costs incurred in connection with an audit of its tax return (if any), margin interest or interest on other borrowings, regulatory and compliance expenses of the Fund, all costs and expenses incurred in connection with meetings and activities of the Fund's advisory board, compliance expenses related to the Fund's investments or prospective investments and any liquidation or dissolution expenses.

Currently, the separately managed accounts we advise are responsible for bearing their own trading-related expenses, including brokerage fees and other transactional costs. The separately managed accounts are also responsible for their allocable share of expenses borne by the Fund that also benefit the separately managed accounts.

The expenses that would be charged to future clients would be determined on a case-by-case basis.

Certain investors in the Fund would also be subject to withdrawal fees, if withdrawals are made prior to the satisfaction of agreed-upon holding periods as defined in the Fund's offering materials

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

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

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

#### *The Fund*

Impower GP is entitled to receive a performance-based allocation from the Fund on an annual basis (or in the case of a side pocket investment or private portfolio investment, upon certain realization events of such investment(s)). Such performance-based allocation is equal to 15.0% of the capital appreciation of the Fund's assets. Such performance-based allocation is subject to a loss carryforward mechanism.

In the event that an investor withdraws capital (in whole or in part) from a Fund other than at the end of a fiscal year, the deduction of the performance-based allocation will be made with respect to such investor as though it were being made at the end of a fiscal year.

We or our affiliates may, in our discretion, waive or reduce the Fund's performance-based allocation with respect to one or more investors without notice to, or the consent of, the other investors.

### *Separately Managed Accounts*

Our compensation schedule with respect to each separately managed account will be contained in the investment advisory agreement relating to such account. Currently, the separately managed accounts we manage is not subject to a performance-based compensation arrangement.

### *Side-by-Side Management*

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments.

In light of the foregoing, we have adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent such conflict from influencing the allocation of investment opportunities among our clients.

The Fund and the separately managed accounts that we manage have different investment strategies, but such strategies may overlap at times. When participation in a specific investment is deemed to be appropriate for more than one client account, we will seek to allocate such investment opportunities between such accounts on a fair and equitable basis under the circumstances existing at such time based upon a number of factors, including, but not limited to: (i) the intended objective and strategy of each participating client account and any applicable investment or risk restrictions or guidelines, including leverage constraints and position limits, (ii) legal, regulatory and tax considerations, (iii) our perception of the appropriate risk/reward ratio for each participating client account, taking into account, among other things, market exposure, anticipated volatility and diversification, (iv) the overall portfolio composition of each participating client account, (v) the relative amounts of cash and capital in each participating client account available for new investments of the type at issue, (vi) the liquidity of each participating client account, (vii) the desire to avoid *de minimis* allocations and odd lots, and (viii) such other considerations as we believe are relevant at such time.

In addition, because our management fees and performance-based compensation from the Fund are generally based on the net asset values, we have a conflict of interest in valuing the assets held by the Fund. To mitigate this conflict, we will follow our documented valuation policies and periodically consult with auditors and the Fund's administrator (the "Administrator"), as needed

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

### *The Fund*

Investors in the Fund are generally high-net-worth individuals that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended), and "qualified clients" (as defined under the Investment Advisers Act of 1940, as amended (the "Advisers Act")). The minimum initial investment in the Fund is generally \$1,000,000. We may waive such minimum under certain circumstances.

### *Separately Managed Accounts*

The owners of separately managed accounts are generally expected to be high net worth individuals that qualify as accredited investors and “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”). If we determine to require a minimum investment for any separately managed account, we will make that determination on a case-by-case basis.

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

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

#### The Fund

The Fund’s investment objective is to allocate capital to portfolio companies that are addressing modern-day global challenges. The Fund seeks to invest in both public and private opportunities (the “Private Portfolio”) in the United States and other markets. The Fund seeks to provide this exposure while achieving competitive investment returns with moderate volatility over a medium- to long-term time horizon. We attempt to manage risk through structural portfolio guidelines, position management, and short and/or hedging positions in individual stocks and indices.

The Fund is driven by a research process that initially uses thematic analysis to identify investment opportunities. We then use traditional financial and strategic analysis to narrow the list of investment opportunities, and prior to making an investment, analyze the potential investment through a holistic, multi-stakeholder lens. In selecting investments, each of the thematic analysis, traditional financial and strategic analysis, and holistic, multi-stakeholder analysis are given equal prominence, and no thematic or holistic, multi-stakeholder factor, either alone or with other such factors, is expected to have greater significance than any other factor in the Fund’s investment selection process.

### Separately Managed Accounts

We serve as an investment advisor to high-net-worth individuals through separately managed accounts and may serve as investment advisor to additional high-net-worth individuals and family offices in the future. In this capacity, we work with our clients to develop an investment strategy and deploy capital in a way that is aligned with their risk and volatility tolerance, liquidity requirements, investment horizon, income goals, and tax considerations. We also work to incorporate any thematic directives or preferences that are important to our clients.

In addition, we have engaged sub-advisers to pursue certain trading strategies on behalf of one of the separately managed accounts.

### *Risk Factors*

Our investment strategies involve significant risks. A discussion of the material risks is provided below. Prospective investors and clients are strongly urged to review the applicable Governing Documents carefully and consult with their own financial, legal and tax advisers before investing with us.

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

### Risk Factors Applicable to Client Accounts Generally

*Limited Operating History.* An investment with us is speculative, involves a high degree of risk and should not be considered as a complete investment program. The Fund has a limited operating history on which prospective investors can evaluate its likely performance. There is no assurance that any client will be profitable. Performance of each client may be volatile. An investment with us is suitable only for persons who can afford to lose the entire amount of their investment. Accordingly, an investment with us entails a significant degree of risk.

*No Diversification Requirement.* Although diversification is an integral part of the overall risk management process of each client account, our client accounts are not bound to any diversification requirements. While we will seek to maintain an allocation of each client's assets as set forth in its Governing Documents, we have the discretion to allocate and reallocate each client's assets.

*General Investment and Market Risks.* There can be no guarantee of the success of our investment strategies and any client's activities may be significantly and adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, currency exchange rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level, volatility and liquidity of portfolio investments. Unexpected volatility or illiquidity could impair profitability or result in losses. Each client may utilize such investment techniques as margin transactions, short sales, leverage, options, spread collars, and futures which practices can, in certain circumstances, increase the adverse impact to which each client may be subject. The timing of such adverse impacts cannot be predicted and may result in substantial volatility in the performance of a client account.

In some cases, the success of a client's investment strategy will depend, in part, on our efforts to assess a potential investment's sensitivity and susceptibility to market movements and other extraordinary events and to assess the likelihood of such events. The activity of making such assessments entails a high degree of uncertainty, and therefore there can be no assurance we will be able to do so successfully in all cases.

*Changing Conditions Could Cause Clients to Suffer Losses.* Each client's profitability substantially depends upon us correctly assessing the future investment outlook of individual portfolio investments, other investment instruments, interest rates, industries, sectors, countries and regions. There can be no assurance that we will be successful in accurately predicting or assessing investment opportunities. There are innumerable external factors that could impact each client account, including changes in economic conditions (such as interest rates and inflation rates), industry conditions, governmental regulation, competition, technological developments, political and diplomatic events and trends, the outbreak of war or terrorist acts, changes in tax laws and other factors. We cannot control any of these conditions.

*Highly Volatile Markets.* The prices of securities and other financial instruments in which each client may invest can be highly volatile. Price movements of client assets may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of government, and national and international political and economic events and policies. Each client is also subject to the risk of the failure of any of the exchanges on which its positions trade or the failure of the clearinghouses or counterparties.

*Economic Recessions or Downturns Could Harm Our Operating Results.* The price of securities and other financial instruments in which a client may invest may be susceptible to economic downturns or recessions. It is possible that a major economic recession could disrupt the market for such securities and



other financial instruments and could have an adverse impact on the value of such assets, which would have an adverse effect on such client's operating results.

*Hedging Risk, Generally.* Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. Clients may use equity short selling and financial instruments (such as options) both as an independent source of profit and to seek to hedge their portfolio positions against fluctuations in value because of changes in the value of individual equities and market interest rates. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thereby moderating the decline in the value of a portfolio position. Hedging transactions of this variety limit the opportunity for gain if the value of the hedged portfolio position should increase. Moreover, it may not be possible for clients to hedge against a security, commodity, index, exchange rate or interest rate fluctuation that is so generally anticipated that clients are not able to enter a hedging transaction at a price sufficient to protect them from the anticipated decline in value of their portfolio.

Although clients may enter such transactions to seek to reduce such risks, unanticipated movements may result in poorer overall investment performance than if clients had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent each client from achieving the intended hedge or expose clients to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the clients' portfolio holdings.

The clients may employ various hedging techniques. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. At times it may not be possible for clients to establish an effective hedge at an attractive price or on attractive terms. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile, thinly traded small capitalization stocks may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices. Hedging transactions may not be effective in limiting losses. To the extent that hedging transactions are affected, their success is dependent on our ability to correctly predict movements in the direction of the underlying investment or reference portfolio position.

*Availability of Suitable Investments.* While we believe that many attractive investments of the type in which each client may invest are currently available and can be identified, there can be no assurance that such investments will be available in the future, or that available investments will meet any client's investment criteria. Furthermore, a client may be unable to find enough attractive investment opportunities to meet its investment objective.

*Availability and Accuracy of Information.* We may select investments for clients based on information and data derived from firsthand research by us and, for public companies, filed by the issuers of such securities

with the SEC. Although we intend to evaluate all such information and data and to seek independent corroboration when we consider it appropriate and when it is reasonably available, in many cases, we will not be able to confirm the completeness, genuineness or accuracy of such information and data.

*Equity Securities.* The purchaser of an equity security typically receives an ownership interest in the company as well as certain voting rights. The owner of an equity security may participate in a company's success through the receipt of dividends, which are distributions of earnings by the company to its owners. Equity security owners may also participate in a company's success or lack of success through increases or decreases in the value of the company's shares as traded in the public trading market for such shares. Equity securities generally take the form of common stock or preferred stock. Preferred stockholders typically receive greater dividends but may receive less appreciation than common stockholders and may have lesser or greater voting rights as well. Equity securities may also include convertible securities, warrants or rights. Convertible securities typically are debt securities or preferred stocks which are convertible into common stock after certain time periods or under certain circumstances. Warrants or rights give the holder the right to purchase a common stock at a given time for a specified price. Although equity securities have a history of long-term growth and value, their prices rise and fall because of changes in the company's financial condition as well as movements in the overall securities markets.

*Short Sales.* We may cause clients to engage in short sales. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities later. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. Because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. It may be impossible for clients to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets. In addition, rules that prohibit short sales of securities at prices below the last sale price may prevent the clients from executing short sales of securities at the most desirable time. If the prices of securities sold short increase, the clients may be required to provide additional funds or collateral to maintain the short positions. This could require the clients to liquidate other investments to provide additional margin, and those liquidations might not be at favorable prices. In other situations, the lender of securities can request return of the borrowed securities and the Fund may not be able to borrow those securities from other lenders. This would cause a "buy-in" of the short positions, which may be disadvantageous to the clients. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in the inability of the clients to cover the short position, and of theoretically unlimited potential for loss to the clients' accounts.

*Small Capitalization Companies.* Micro-, small- and mid-capitalization companies in which the clients may invest are often more vulnerable than larger companies to adverse business or market developments, have limited markets and financial resources. These companies may lack experienced management, have a limited operating history, may be operating at a loss or with substantial variations in operating results from period to period and may require substantial additional capital to support expansion or to achieve or maintain a competitive position. These investments may include venture capital, special situations and, to a limited extent, private investments. Although these investments may offer opportunities for significant gains, these investments generally involve a very high degree of business and financial risk and can result in substantial losses. The securities of small-cap companies tend to be less seasoned than, and more susceptible to volatility in valuation and performance, than larger and more seasoned companies. In addition, small- and medium- sized companies often are not as well known to the investing public, in part,

because relatively few of them are followed by traditional Wall Street security analysts, and information about them may be more difficult to obtain and may be less reliable and more subjective than information about larger public companies.

*Initial Public Offerings.* As permitted by the Conduct Rules of the Financial Industry Regulatory Authority, Inc., to allow clients to participate in certain initial public offerings, they may establish “new issue accounts” in which persons who are restricted from participating will not share or may only share in a limited extent. The clients may modify the way in which they handle the participation in new issues to conform to amendments in the applicable rules, regulations, and interpretations. Client performance of investors who participate in new issues will differ from performance results for investors who are restricted from participating.

*Private Placements and Unregistered Securities.* The clients may invest in equity, convertible securities, and fixed income obligations the disposition of which may be restricted under applicable securities laws. Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the clients were forced to liquidate their positions in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment. Certain private investments made by the clients will share many of the same risk characteristics as venture capital investing, offering the opportunity for significant gains, but also involve a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel.

The clients may invest in the form of equity or “equity linked” securities. As a result, the rights or claims of the clients may be subordinate to those of other parties, including debt or senior equity holders, in the event of the failure of any portfolio company. Portfolio companies may be thinly traded and undercapitalized and therefore may be more sensitive to adverse business or financial developments. If a portfolio company is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the clients’ investments in such portfolio company could be significantly reduced or even lost entirely. Business risks may be more significant in smaller or development-stage portfolio companies, which may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance. Profits of the Fund, if any, may be derived from a relatively small number of their investments in private placements. The goal of making investments in companies that will provide superior investment returns will be difficult to achieve. There is no guarantee that the clients will be able to invest their capital on attractive terms or that returns on such investments will exceed returns on alternative investments available to prospective investors in the clients. The ability of the clients to liquidate their positions and generate profits from their investments in private placements may also be adversely affected by a failure of portfolio companies to comply with registration, conversion, exchange or other obligations under the agreements pursuant to which such securities have been sold to the clients.

*Venture-Stage Investments.* The clients’ Private Portfolio may include investments in venture-stage companies, some of which are likely to have limited or no operating histories by which we and our affiliate can assess their ability to achieve, sustain, and increase revenues or profitability. A venture-stage portfolio

company's financial results may be affected by many factors, including, without limitation: (a) the ability to successfully identify a market or markets in which there is a need for its products or services; (b) the ability to successfully negotiate strategic alliances, licensing, and other relationships for product development, marketing, distribution, and sales; (c) the progress of research and development programs with respect to the development of additional products and enhancements to existing products; (d) the ability to protect proprietary rights; and (e) competing technological and market developments, particularly from companies that may have substantially greater resources. There can be no assurance that the clients' venture-stage portfolio companies will be able to achieve and maintain cost-efficient operations or that any of their products or services will achieve a significant level of market acceptance. The development and commercialization of products or services of the clients' venture-stage portfolio companies will require additional development, sales, and marketing and other significant expenditures. The required level and timing of such expenditures will impact their ability to achieve profitability and positive cash flows from operations at the levels projected, or at all. There can be no assurance that the clients' venture-stage portfolio companies will ever achieve significant commercial revenues or profitability.

It is possible that some of the clients' venture-stage portfolio companies will not generate sufficient revenues at the time of the clients' investment to support their ongoing business operations. The clients' investment may be used not only for product development, market research, and expansion efforts, but also to compensate employees, rent office space, and pay other ongoing expenses. There is no guarantee that the clients' portfolio companies will be able to expend the clients' investment in a manner that results in increased revenues and eventual financial sustainability, or that such ongoing expenses will not consume the entirety of the clients' investment altogether. Investments in venture-stage companies are inherently risky due to the financial difficulties that may be faced by such companies.

The clients' venture-stage investments may be intended to provide portfolio companies with capital to support operations while the portfolio companies proceed with strategies intended to identify a market or markets that require their products, services and technologies. There can be no assurance that any plan of a venture-stage portfolio company for developing a customer base will be successful. At the time of the clients' investment, a venture-stage portfolio company may not yet have third party distribution or marketing relationships in place. There can be no assurance that it will be able to successfully market any products, services, or technologies. Products, services, and technologies of venture-stage portfolio companies must be validated through testing, and there can be no assurance that a venture-stage portfolio company's future product development efforts will be successfully tested and completed, either within the projected timeframe or at all.

To achieve their projected revenues and other targeted operating results, the clients' venture-stage portfolio companies will be required to rapidly implement and improve operational, financial, and management control systems on a timely basis, while maintaining effective cost controls. Any failure of a venture-stage portfolio company of the clients to do so would have a material adverse effect on its business, financial condition, and results of operations. The success of the clients' venture-stage portfolio companies' growth plans will depend in part upon their ability to continue to attract, retain, and motivate key personnel. Failure to make the required expansions and upgrades could have a material adverse effect on their business, financial condition, results of operations, and relationships with their corporate partners. The results of operations for the clients' venture-stage portfolio companies will also be adversely affected if revenues do not increase sufficiently to compensate for the increase in operating expenses resulting from any expansion, and there can be no assurance that any expansion will be profitable or will not adversely affect their results of operations.

*Growth-Stage Investments.* The clients' Private Portfolio investments may include investments in growth-stage companies. While growth-stage companies are generally more mature and established than venture-stage companies, and investments in growth-stage companies are therefore subject to fewer risks than investments in venture-stage companies, investments in growth-stage companies are subject to certain risks. Like venture-stage companies, growth-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small and, accordingly, investments in such companies often involve a heightened risk of bankruptcy or liquidation of the portfolio company. Such companies often have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities. There is no assurance that such investments by the clients will be successful.

*Investments in Real Assets.* The clients may invest (directly or indirectly through special purpose entities) in real estate assets. The value of real estate fluctuates depending on conditions in the general economy and the real estate business. The factors that affect the value of real estate investments include, among other things: national, regional and local economic conditions; the condition of the financial markets; developments or trends in a particular industry; competition from other available space; local conditions such as an oversupply of space or a reduction in demand in the area; management of properties; the development and/or redevelopment of properties; changes in market rental and occupancy rates; the timing and costs associated with property improvements and rentals; changes in operating expenses; the financial condition of tenants; availability of obtaining financing on acceptable terms; fluctuations in interest rates; changes in zoning laws and taxation; government regulation; potential liability under environmental or other laws or regulations; and acts of God, terrorist attacks, social unrest and civil disturbances. The clients may invest in debt secured by real estate, and the value of such investments may decline as a result of adverse changes in any of these factors. In addition, adverse changes in the real estate market increase the probability of default, as the equity in the underlying property declines.

Investing in real estate and real estate-related instruments is subject to cyclicity and other uncertainties. There can be no assurance as to the Fund's performance in a weaker market or weakened economy. The cyclicity and leverage associated with real estate and real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments.

*Risks Associated with ETFs.* Because ETFs are, by definition, portfolios of securities, we believe that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. However, there are events that can trigger sharp and sometimes adverse price movements in ETFs that are not related to movements of the market in general. Not limited to, but among these, are surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values of the ETF. In addition, the Company Act places certain restrictions on the percentage of ownership that a private investment fund, such as the Fund, may have in an ETF.

The clients may invest in small and/or unseasoned ETFs with small market capitalization. While smaller ETFs generally have potential for rapid growth, they often involve higher risks because they may lack the

management experience, financial resources, product diversification, and competitive strength of larger ETFs. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger ETFs. As a result, the securities of smaller ETFs may be subject to wider price fluctuations. When making large sales, the clients may have to sell securities at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller ETFs.

*Portfolio Company Dependence on Founders and Access to Talent.* Each client expects to invest in venture-stage and growth-stage portfolio companies whose leadership or management may have individuals who have limited financial, entrepreneurial or business backgrounds. Similarly, certain potential portfolio companies, as a result of their early stage of development, may lack experienced senior and second tier management as well as a strong board of directors. In addition, such portfolio company's operation and strategic direction may be highly dependent on its founders. In the face of an unexpected event that leaves the company without its leader, the sustainability of the company may be jeopardized, which may negatively impact the client's investment in such portfolio company.

*Options and Other Derivative Instruments.* The clients may invest in standard option contracts including buying and writing puts and calls on some of the securities held by the clients, or proxies thereof, in an attempt to supplement income or protect against principal losses. The clients may, from time to time, also invest in other derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The clients are also subject to the risk of the failure of any of the exchanges on which its positions trade or of clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the clients were permitted to expire without being sold or exercised, the clients would lose the entire premium they paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the clients at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the clients at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the clients of all or a substantial portion of their assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

*Debt Securities.* Debt securities are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a less degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

*Fixed-Income Securities.* The value of the fixed-income securities in which the clients invest will generally change as the general levels of interest rates fluctuate. Generally, when interest rates decline, the value of a long fixed-income portfolio can be expected to rise while that of a short fixed-income portfolio can be expected to decline. Conversely, when interest rates rise, the value of a long fixed-income portfolio can be expected to decline while that of a short fixed-income portfolio can be expected to rise.

*Private Equity Investments.* The clients expect to invest in private equity investments. Such investments involve a high degree of business and financial risk and may be long-term, illiquid and difficult to value. Private equity investment will generally have limited, if any, liquidity. The clients may invest in private companies at any early stage of development, which may involve additional business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period, or may operate at a loss. Such companies face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Investments in private equity of highly-leverage companies also involve additional risks. Such leverage will increase the exposure of such companies to adverse economic factors, such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, the clients may suffer a partial or total loss of capital invested in the company, which, depending on the size of such entity's investments, could adversely affect the return on the capital of such entity.

*Non-U.S. Securities.* The clients may invest in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. The clients may purchase securities of issuers in any country, developed or developing. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to each client's business, the clients may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities may represent a greater degree of risk than investing in U.S. securities due to exchange rate fluctuations, possible exchange controls, less publicly-available information, different accounting and auditing standards, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), political and social upheaval, war or expropriation. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs.

*Foreign Currency Risks.* The clients' exposure to direct and indirect investments in securities denominated in currencies other than the U.S. dollar may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Changes in foreign currency exchange rates influences values within the clients' portfolios. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, gains and losses realized on the sale of securities and net investment income and gains, if any, of the clients. The rate of exchange between the U.S. dollar and other currencies is determined by the forces of supply and demand in the foreign exchange markets. These forces are affected by international balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

*Use of Leverage.* When deemed appropriate by us and subject to applicable regulations, the clients may incur leverage in their investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent (or "embedded") leverage, such as futures, puts, calls and warrants. Embedded leverage arises when the relevant instrument may be purchased for a fraction of the price of the underlying securities for full notional value while giving the purchaser market exposure to the full values of such underlying securities or contracts. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the clients are leveraged, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. To the extent the clients actually borrow capital, the level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the clients. If the interest expense on borrowings exceeds the net return on the investments made with borrowed funds, the clients' use of leverage would result in a lower rate of return than if the clients were not leveraged.

When the market value of a particular open position changes to a point where the collateral or margin on deposit does not satisfy maintenance margin requirements imposed by regulation or the broker or futures commission merchant, a "margin call" on the customer is made. If the customer does not deposit



additional funds with the broker to meet the margin call within a reasonable time, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets held by the clients, it might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the clients' trading activities, they, and not their investors personally, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Prospective investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

*Idle Funds.* We will generally seek to keep each client account fully invested. However, there may be periods of time when each client account has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet any client's overall return objective.

*Competition.* The investment industry is extremely competitive. In pursuing our investment and trading methods and strategies, we will compete with many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, each client may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs and more investment professionals than the clients have or expect to have in the future.

*Concentration of Investments.* The clients' Governing Documents impose no limits on the concentration of any client's investments in particular countries, regions, securities, industries, or sectors, and each client, at times, expects to hold a relatively small number of securities positions, each representing a relatively large portion of its capital. Losses incurred in those positions could have a material adverse effect on a client's overall financial condition. Each client's investment portfolio (because of size, investment strategy and other considerations) will, at times, be confined to the securities of relatively few countries, regions, issuers or industries. Further, no client is not required to maintain a minimum level of capital. As a result of losses or withdrawals (in the case of the Fund), a client may not have sufficient funds to diversify its investments. When investments are concentrated in several relatively large security positions or industries relative to clients' capital, a loss in any one position or a downturn in a sector in which a client is invested could materially reduce such client's performance.

*High Brokerage and Other Transactional Expenses.* A client's activities may involve a high level of trading (including short term and/or day trades) resulting in very high portfolio turnover that may generate substantial transaction costs. These costs will be borne by the client regardless of its profitability. In the case of the Fund, expenses may be greater than the total fees charged in other comparable investment vehicles.

*Inflation Risk.* Inflation risk refers to the variation in the value of cash flows from a security or instrument due to inflation, as measured in terms of purchasing power. For example, if a client purchases a five-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. On fixed-rate debt securities, a client is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security or instrument. Inflation-linked bonds, adjustable bonds and floating rate bonds have a lower level of inflation risk to the extent that their coupon rates rise and fall with inflation.

*Counterparty Risk.* Portfolio transactions are subject to risk of default, failure and insolvency of transaction counterparties. Executing and settling through exchanges and clearinghouses may reduce counterparty risk but do not eliminate it. In addition, in the case of a default, a client could be exposed to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a client has concentrated its transactions with a single or small group of counterparties, as is expected. We are not restricted from dealing with any particular counterparty or from concentrating any or all of transactions with one counterparty.

*Cyber Security Breaches and Identity Theft.* Our information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, we and/or the clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and/or the clients’ operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors/owners of separately managed accounts (and their respective beneficial owners). Such a failure could harm us and/or a client’s reputation, subject any of us and our respective affiliates to legal claims, and otherwise affect our businesses and financial performance.

#### *Risk Factors Applicable to the Fund Only*

*Limited Liquidity of Fund Interests.* An investment in the Fund involves substantial restrictions on liquidity and the interests are not freely transferable. There is no market for the Interests in the Fund, and no market is expected to develop. Further, resale of the interests is also restricted under federal and state securities laws in the United States or under national laws of other countries. Consequently, investors will be unable to withdraw or liquidate their interests except by withdrawing from the Fund in accordance with the Fund’s Governing Documents (which includes significant restrictions on withdrawals). Withdrawal restrictions include provision for an early withdrawal fee, limitations based on available cash and percentage of an investor’s capital account and an audit holdback. In addition, under certain specified and other extraordinary circumstances, our affiliate may suspend withdrawals or the calculation of net asset value, or the investors may be unable to withdraw or liquidate their Interests promptly. A portion of the Fund’s capital will be invested in illiquid securities. Unexpected market illiquidity may cause substantial losses to investors. As a result, potential investors must be in a position to bear the economic risk of an investment in the Fund for a significant period.

*Rebalancing to Meet the Target Allocation.* It is expected that the percentage allocation of the Fund’s assets will often times be out of balance with the target allocation due to various factors, such as the timing of new subscriptions to and withdrawals from the Fund, the illiquidity of investments, and various other factors. We will assess the composition of the Fund’s assets relative to the target allocation on a quarterly basis and will generally seek to rebalance the Fund’s portfolio periodically to bring the allocation of the Fund’s assets between the public securities and private securities closer to the Fund’s target allocation, but will be significantly limited in its ability to do so. In particular, in the event the Fund’s

allocation to private securities is above its target allocation to the private securities, the Fund will have limited (if any) ability to rebalance as assets allocated to private securities will have limited, if any, liquidity. In addition, we may determine not to take steps to rebalance the Fund's portfolio even if it is able to do so, if we determine it is inadvisable to do so (for example during periods of market dislocations).

***Institutional Risk.*** Institutions (such as certain brokerage firms, banks, and other investment vehicles) have physical custody of each client's assets (*i.e.*, the portfolio positions of each client). Often these assets are not registered in the name of the client. The Commodity Exchange Act requires a clearing broker to segregate all funds received from such broker's customers in respect of futures transactions from such broker's proprietary funds. If any of our commodity brokers were not to do so to the full extent required by law, or in the event of a substantial default by one or more of a brokers' other customers, the assets of each client allocated to that broker might not be fully protected in the event of the bankruptcy of such broker. Furthermore, in the event of such a bankruptcy, a client may be limited to recovering only a *pro rata* share of all available funds segregated on behalf of the affected broker's combined customer accounts, even though certain property specifically traceable to us, Impower GP (in the case of the Fund), the clients (for example, United States Treasury bills or cash deposited by a client with such broker) was held by such broker. Commodity broker bankruptcies have occurred in which customers were not able to recover from the broker's estate the full amount of their funds on deposit with such broker and owing to them. Commodity broker bankruptcies are not insured by any governmental agency, and investors would not have the benefit of any protection such as that afforded customers of bankrupt broker-dealers by the Securities Investors Protection Corporation.

***Limited Liquidity of Private Portfolio Investments and Side Pocket Investments.*** Investments allocated to the Private Portfolio, as well as side pocket Investments, will generally have limited, if any, liquidity. Accordingly, the Fund may not be able to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of determining Investors' Interests and determining net profits and net losses may differ substantially from the value the Fund is ultimately able to realize. Private Portfolio investments held in Private Portfolio accounts and side pocket investments held in side pocket Accounts will continue to be held on behalf of an investor that partially or completely withdraws from the Fund, and such investor will continue to participate in each such Private Portfolio Investment and side pocket Investment until it is sold or liquidated.

***Speculative Purchase of Securities.*** The Fund may make certain speculative purchases or employ short term event driven strategies with respect to securities of companies that we believe to be undervalued or that may be the subject of acquisition attempts, exchange offers, cash tender offers or corporate reorganizations. There can be no assurances that securities which we believe to be undervalued are in fact undervalued, or that undervalued securities will increase in value. Further, in such cases, a substantial period of time may elapse between our purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Fund's capital would be committed to the securities purchased, and the Fund may finance such purchase with borrowed funds on which it would have to pay interest.

***Investments in Distressed Companies.*** The Fund may invest in securities of distressed or troubled companies that involve a substantial degree of risk. The Fund may lose its entire investment in a distressed company, may be required to accept cash or securities with a value less than its investment, and may be prohibited from exercising certain rights with respect to such investment. Distressed

company investments may not show any returns for a considerable period of time. There may be limited markets, if any, for the Fund's holdings. There are no assurances that such securities held in the Fund's portfolios will resume trading in public markets or be acquired by other companies. Sales of securities held by the Fund may be dependent on the exercise of registration rights or the expiration of relevant securities law regulation.

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

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

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

As noted above, Impower GP will serve as the general partner to the Fund.

Currently, the Fund is only owned by an owner of us, Conscious Endeavors, LP.

The management of multiple client accounts results in a potential conflict of interests when we and our related persons allocate time and investment opportunities among such accounts. The compensation we earn from each client account is expected to differ from the compensation earned from other client accounts. In order to mitigate associated conflicts, we will generally follow documented procedures in allocating investment opportunities among our clients. *(See Item 6 – Performance-Based Fees and Side-By-Side Management)*

A cross-trade occurs when an investment adviser effects a trade between two or more of its advisory clients. If we were to cause a cross-trade between two clients, it may result in a conflict of interest because the transaction may result in benefits to one client that may be greater than the benefits to the other client. We do not generally expect to engage in cross trades. In the event that we determine to make a cross-trade, we will only do so if we determine that it is in the best interests of, and is fair and equitable to, the participating clients. All cross-trades between the clients require the prior approval of our CCO. Cross-trades, if any, would generally be made at the closing price for the applicable security on such day or, if no closing price is available, at a price for the relevant security that is determined in accordance with our documented valuation policies. No brokerage commission, transfer fee or other commission will be paid to us or our affiliates in connection with any such transaction.

The Principal provides certain reviews and oversight services over real estate investments held by one of our clients. The Principal is not compensated for the services he provides over the real estate investments. The Principal is also a non-paid member of an advisory board and two advisory investment committees for unrelated Investment advisory firms that focus on impact investing. These business activities do not conflict with the interests of our clients. In the event any such conflicts of interest arise, the Principal would work with the Chief Compliance Officer (the "CCO") to mitigate such conflicts including recusing himself from the outside matter that led to the conflict.

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

*Code of Ethics Overview*

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### *Personal Trading Policy*

Employees are generally required to obtain the prior written consent of our CCO in order to engage in personal transactions. Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Prohibitions relating to personal trading will also generally apply to an employee's spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

#### *Participation or Interest in Client Transactions*

We make available to qualified prospective investors the opportunity to invest in the Fund.

We do not currently expect to engage in principal transactions. We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with our written procedures and applicable law.

### **Item 12. Brokerage Practices**

#### *Selection of Brokers*

We have an obligation to seek to obtain "best execution" for our clients with respect to their trading activity. While not defined by statute or regulation, "best execution" generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of client transactions, taking into account the following factors: (i) net price, (ii) reputation, (iii) financial strength and stability, (iv) efficiency of execution, (v) block trading and block positioning capabilities, (vi) willingness to execute related or unrelated difficult transactions in the future, (vii) research services provided to us, (viii) other matters ordinarily involved in the receipt of brokerage contract trading services generally, (ix) quality of overall execution services provided by the broker-dealer, (x) commission and transaction fees charged by the broker-dealer, although these costs are not passed on to the client, (xi) promptness of execution, (xii) creditworthiness of the broker-dealer, (xiii) promptness and accuracy of confirmation statements, and (xiv) ability of the broker-dealer to use electronic trading networks to gain liquidity, price improvement, lower commission rates and anonymity.

In selecting brokers to execute transactions (or series of transactions) and determining the reasonableness of the brokers' compensation, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

We have established a Compliance Committee, which meets on a semi-annual basis to evaluate, among other things, the execution that we are receiving from brokers. In conducting its analysis, the committee may consider the factors listed above, among others, and reviews gifts and entertainment received and any known or perceived conflicts of interests (e.g., directing commissions to a broker that a family member is employed).

#### *Research and Other Soft Dollar Benefits*

We do not currently have any formal soft dollar arrangements. However, we execute transactions on behalf of our clients with brokers that may provide us with access to bundled services, including access to proprietary research reports (such as standard investment research and credit reports) and invitations to attend conferences. To the best of our knowledge, these services are generally made available to all institutional investors doing business with such broker. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such brokers. If we engage in soft dollar transactions in the future, we intend to comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

During our last fiscal year, we acquired research (such as proprietary research from brokers and attendance to industry conferences and webinars) with client brokerage commissions (or markups or markdowns).

#### *Brokerage for Client Referrals*

Subject to applicable law, we may direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

#### *Trade Errors*

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will not reimburse a client account for losses resulting from trade errors unless in accordance with the terms of such client's Governing Documents.

#### *Aggregation of Orders*

Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client account is capable of purchasing or selling a particular security.

To the extent that a security is purchased or sold for more than one client, we will generally aggregate orders for such security unless aggregation is not consistent with our duty to seek best execution or the terms of the investment guidelines and restrictions applicable to client accounts. Instances in which orders will not be aggregated include, but are not limited to, (i) the Principal determines that aggregation is not appropriate because of market conditions or (ii) the Principal must effect the transactions differently due to government regulation and/or policy. Each client that participates in an aggregated order will

participate at the average price for all of our transactions in that security on a given business day, with transaction costs shared *pro rata* based on each client's participation in the transaction. When an aggregated order is only partially filled, we will allocate the investment opportunity as described in Item 6 above.

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

#### *Review of Accounts*

Our clients' portfolios are reviewed, and their performance analyzed, by our Principal on a continuous basis. In addition, our Principal will regularly review our clients' portfolios to determine that the securities held by them remain consistent with their investment strategies, objectives and guidelines. Client portfolios are also periodically reviewed by our CCO.

#### *Reporting*

In addition to the information and reports described below, investors or clients may be provided with information (including position level information) about us and the accounts that we manage in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other investors/clients and prospective investors/clients who do not request such information. Each investor and client is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

#### *The Fund*

We furnish investors in the Fund with unaudited monthly capital account statements. In addition, on an annual basis, we provide investors with a copy of the Fund's annual audited financial statements and a statement of taxable income (Schedule K-1).

#### *Separately Managed Accounts*

We will provide the owners of the separately managed accounts with periodic unaudited reports at such times as have been agreed upon with such owners. The owner of each separately managed account will receive account statements from the account's custodian (for those securities required to be held with a qualified custodian) on such periodic basis as is agreed to between such owner and custodian. In addition, the owner of each separately managed account will have full, real-time transparency as to all transactions and holdings in such account and will be better able to assess the future prospects of a portfolio. Each such owner has the right to withdraw all or a portion of the relevant account's capital on shorter notice and/or with more frequency than the terms applicable to an investment in the Fund.

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

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to our clients.

We do not compensate any third-party marketers for introductions to potential investors or clients.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), we are deemed to have custody over the Fund’s assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Fund or its respective investors as long as: (i) the Fund is audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Fund’s audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of the Fund’s fiscal year.

We do not have custody over the separately managed accounts. As noted above in Item 13, the owner of each separately managed account will periodically receive account statements from the custodian of such account. The owner of each such account should carefully review these statements.

**Item 16. Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the Fund generally may not place any limits on our authority beyond the limitations set forth in its respective Governing Documents. Under certain circumstances, we may contract with a separately managed account to adhere to limited risk and/or operating guidelines imposed by that client. We negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

We generally will have voting discretion over securities held in our clients’ accounts and clients are not able to direct their votes in a particular situation. We will have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client account, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client account: (i) management of the issuer’s views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure), and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. In addition, when voting proxies, we will also consider our impact investing mandate and consider relevant environmental, social and governance criteria, as appropriate. If we deem that the issue being voted upon is not material for us and our clients, we will not be obligated to vote on such matter.

Conflicts of interest may arise between the interests of our clients and us or our affiliates. If we determine that we have, or could be perceived to have, a conflict of interest when voting proxies, we will vote in accordance with our proxy voting policies and procedures. We will provide a copy of our proxy voting policies and procedures to clients upon request. We will also disclose to clients upon request how we voted proxies for securities owned by such client.



**Item 18. Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Brochure.

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

We are not a state-registered adviser.