

**Part 2A of Form ADV - FIRM BROCHURE**

**Item 1 – Cover Page**

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Seven Grand Managers, LLC (the “**Adviser**” or “**Seven Grand**”). If you have any questions about the contents of this Brochure, please contact us at (720) 722-5804 or info@sevendgrand.io. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

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

Seven Grand is a registered investment adviser. Registration with the SEC as an investment adviser does not imply that Seven Grand or any of its employees possess a particular level of skill or training.

## **Item 2 – Material Changes**

Seven Grand is preparing and filing this Form ADV 2A Brochure (“**Brochure**”) as part of its first annual updating amendment following its registration with the United States Securities and Exchange Commission (“**SEC**”). Since its original filing on June 22, 2022, material changes to this Brochure include the assets under management described in Item 4.E and various updates throughout the Brochure to reflect the management of a registered investment company in a sub-advisory capacity.

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#### Item 4 - Advisory Business

- A. Seven Grand was formed in May 2019 as a Delaware limited liability company and has its principal place of business in Bronxville, New York. Chris Fahy and Jeffrey Ziglar are managing members of Seven Grand (the “**Principals**”). The Principals have the overall responsibility for the day-to-day supervision and management of Seven Grand’s business. Seven Grand acts as the investment adviser to a sponsored private pooled investment vehicle for sophisticated investors, Seven Grand Partners, LLC (the “**Fund**”). Seven Grand’s clients also include private funds and a registered investment company for which Seven Grand is a sub-adviser (the “Sub-Advisory Funds”, which, collectively with the Fund, are referred to as the “**Clients**”))<sup>1</sup>.
- B. Seven Grand pursues its investment strategy through managing its Clients. Seven Grand has discretion with respect to investment decisions made for the Clients. The Adviser provides investment advisory services to the Fund based on the investment objectives and strategies described in the Fund’s confidential offering memorandum and governing documents. Seven Grand provides its services to the Sub-Advisory Funds in accordance with the applicable investment management agreement.

Seven Grand targets generating an attractive risk-adjusted absolute return with low correlation to broad equity market performance. Seven Grand deploys a multi-strategy, discretionary investing approach focused on making principal investments in public and privately placed securities in primary and secondary capital markets at perceived discounts commensurate to a variety of opportunity specific risks. The strategy involves extensive work and contribution to identifying the market price and valuation for each investment opportunity jointly with the broker dealer[s] overseeing the syndication or offering process.

There can be no assurances that Seven Grand’s investment objectives will be satisfied. An investment in the Fund is subject to various risks, including risks relating to the newly-formed nature of the Fund, the Fund’s investment strategy and techniques and the illiquid nature of the Interests. Investors should carefully consider the risks relating to this investment, including those discussed herein and in the Offering Documents.

- C. While each of its Clients follow the general strategy mentioned above, the Adviser may tailor the specific advisory services with respect to the individual needs of such Clients pursuant to the agreed upon terms described in the applicable confidential offering memorandum and governing documents, including but not limited to an investment management agreement (referred to collectively as “**Offering Documents**”). Each advisory agreement was separately negotiated and designed to suit the needs of the respective Client and its respective investment guidelines. Such advisory agreements may impose restrictions on Seven Grand’s ability to invest in certain securities or types of securities.

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<sup>1</sup> As a registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the Fund itself and not an Investor in the Fund.

- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2022, the Adviser managed approximately \$324,660,000 in regulatory assets under management on a discretionary basis. Seven Grand does not manage any advisory client assets on a non-discretionary basis.

## Item 5 - Fees and Compensation

The below describes how the Firm is generally compensated in connection with providing advisory services to its Clients. However, the Adviser may enter into different fee arrangements on a Client by Client basis. A potential investor in the Fund or any potential Client should review any and all Offering Documents in their entirety before making any investment decisions.

- A. Set forth below is a description of the fees and expenses paid by the Fund and Sub-Advisory Funds, respectively:

### *The Fund*

Subject to Seven Grand's right to receive an "Incentive Allocation" (as described below), Net Profit and Net Loss (including unrealized as well as realized gains and losses) for each period will be allocated in proportion to Investors' Capital Account balances.

In addition to its proportionate share of Net Profit and Net Loss based on its capital account balance, Seven Grand will receive an annual incentive allocation as to each investor in an amount equal to 25% of the Net Profit allocated to each investor for that calendar year ("**Incentive Allocation**"). An Incentive Allocation will also be made as to amounts withdrawn, as of the effective time of the withdrawal.

### *Sub-Advisory Funds*

The Adviser is compensated by each Sub-Advisory Fund in accordance with each Client's respective investment management agreement. Generally, these agreements include monthly or quarterly compensation in the form of a management fee. Depending on the investment management agreement, Sub-Advisory Funds may also pay to Seven Grand a performance fee. How Sub-Advisory Fund management and performance fees are calculated will vary client by client.

- B. As stated above, the Fund pays an Incentive Allocation to the Adviser in a proportionate share of Net Profit allocated to each investor. The Incentive Allocation is generally deducted by the Adviser from the Fund. The Adviser has the right to reduce, waive, assign, participate or otherwise share or modify the Incentive Allocation chargeable with respect to any investor (including any affiliate of the Adviser) without the consent of, or notice to, any other investor.

Fees are not automatically deducted from the Sub-Advisory Funds. Seven Grand bills the applicable Sub-Advisory Fund for fees incurred. The Adviser is compensated pursuant to advisory agreements that were individually negotiated with each Sub-Advisory Fund.

- C. The Clients may incur brokerage and other transaction costs. Additionally, Clients may incur expenses relating to the organization, maintenance and operation of the Client accounts including, but not limited to, registered agent fees, costs related to compliance, regulatory and AML matters, costs associated with gaining access to non-U.S. markets, all direct trading expenses, including but not limited to, execution and clearing commissions,

transaction charges, ticket charges, fees and expenses incurred in the borrowing and lending of securities, custodian and trustee fees, bank service fees, transfer taxes, withholding taxes, administrative fees (including fees paid the Client's administrator) accounting, tax preparation and audit fees, fees paid to third-parties retained by the Client related to the delivery of the trade file, and other fees and expenses related to the purchase, sale or other disposition of assets. Please see the disclosures in *Item 12* as it relates to Seven Grand's brokerage activities.

The Fund may incur normal and customary expenses relating to its operations, and such expenses are allocated among the Investors in the Fund pursuant to the terms of its Offering Documents.

In addition, the Fund will bear all direct expenses of the Fund, including, but not limited to, investment-related and other trading-related expenses (including, without limitation, brokerage commissions, and fees, investment banking fees and expenses, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest on margin accounts and other indebtedness, borrowing charges, consulting and other professional fees relating to due diligence of particular investments or contemplated investments and reasonable travel and related expenses incurred in connection with due diligence), research-related expenses (including, without limitation, news and quotation equipment and services, subscriptions, licenses, investment-and trading-related computer hardware and software, including trade order management software (i.e., software used to route trade orders), and professional conferences), professional fees (including, without limitation, expenses of consultants, statisticians and experts); administration expenses (including the fees and expenses of any administrator); annual meeting expenses; accounting expenses (including portfolio accounting software); operating expenses; legal expenses; fees and expenses associated with the preparation or distribution of the Fund's financial statements, tax returns, tax estimates and Schedule K-1s, any reporting to the Investors or any other administrative, regulatory or other Fund-related reporting or filing (including any investor administrative tools such as investor portals and third-party reporting software and any Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation); costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; governmental fees and regulatory expenses (including filing fees); expenses incurred in connection with the offering and sale of the interests in the Fund and other similar expenses related to the Fund; premiums for liability insurance covering Seven Grand, their affiliates and members, directors, officers, employees and agents; the Incentive Allocation; and extraordinary expenses and other similar expenses related to the Fund as Seven Grand determines in its sole discretion.

- D. As stated above, the Incentive Allocation is deducted directly from the Fund's capital and paid annually. The Incentive Allocation is prorated for any period that is less than the full calendar year made by new or existing investors, and refunded on a prorated basis upon withdrawal or redemption from the Fund prior to quarter-end.

The Sub-Advisory Funds pay Seven Grand compensation based on the relevant Sub-Advisory Fund's percentage of the Adviser's assets under management. Upon the termination of an

advisory contract, Seven Grand will comply with the relevant advisory contract's terms as they relate to termination and refunds.

- E. Other than as described above, neither Seven Grand nor any of its supervised persons receives any additional compensation from the sale of securities or other investment products.



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

As stated in *Item 5* above, Seven Grand and its affiliates may receive an Incentive Allocation from the Fund and performance fees from Sub-Advisory Funds, if applicable. The specific structure and calculation of these performance-based fees are described in detail in each respective Offering Document. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all client accounts receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

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

As mentioned in *Item 4*, Seven Grand provides investment advisory services to its Clients based on the investment objectives and strategies described in its Offering Documents.

Investors in the Fund are required to complete and submit a subscription agreement binding them to the terms of the Fund's governing documents. Seven Grand only admits "accredited investors", as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 and "qualified clients" as defined in Rule 205-3 of the Advisers Act. The minimum investment in the Fund is \$250,000 although Seven Grand may accept investments in a lesser amount at its sole discretion.

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

Seven Grand targets generating an attractive risk-adjusted absolute return with low correlation to broad equity market performance. Seven Grand deploys a multi-strategy, discretionary investing approach focused on making principal investments in public and privately placed securities in primary and secondary capital markets at perceived discounts commensurate to a variety of opportunity specific risks. The strategy involves extensive work and contribution to identifying the market price and valuation for each investment opportunity jointly with the broker dealer[s] overseeing the syndication process. These investment opportunities are generally expressed across the following types:

*Equity Investment Opportunities:* Seven Grand may invest in equity, preferred equity and equity-related securities, including, without limitation, equity securities in association with a companies' initial public offering ("IPO"), and with those securities offered in advance of, or as a follow-on addition to those IPO offerings. In addition, Seven Grand may invest in equity of companies raising new capital in connection with restructured debt securities or instruments, or in connection with reorganizations of debt securities, equity securities or other financial obligations.

*Convertible Bond Investment Opportunities:* Seven Grand may invest in convertible bonds of companies raising capital in the broader convertible market, and any associated follow-on additional securities issued.

*Debt Investment Opportunities:* Seven Grand may invest in debt issuance of companies raising capital in the broader debt capital market, and any associated follow-on additional securities issued.

*Crossover and Special Situation Investment Opportunities:* Seven Grand may invest in a variety of crossover and special situation opportunities, including (i) investments in private securities of companies that anticipate a public registration of, or refinancing of, their existing capital structure in the near term, such as private investment in public equity, ("PIPE"), (ii) companies associated with acquisitions or tender offers, and (iii) companies associated with, liquidations, special dividends, divestitures, reorganizations, bankruptcies or other broadly transformative transactions.

*Hedging Opportunities:* Seven Grand may invest in certain broad-based indices, exchange traded funds ("ETFs"), futures, and custom derivatives instruments for purposes of managing the risks associated with the investment opportunities.

All investment opportunity types are unique situations sourced through lead or co-manager investment bank syndicate and block trading groups, and generally are subject to the allocation process of those dealers, with varying degrees of transparency in each situation. Each opportunity type presents its own set of risks, including but not limited to i) short or no historical financial statements, market valuation, or instrument price volatility, ii) acquisition target deal failure, iii) liquidity or market stabilization failure.

An investment with Seven Grand involves investment considerations and risk factors which

prospective investors should consider before subscribing. All securities investments involve the risk of loss of capital. The securities to be purchased and traded by and the investment techniques and strategies to be employed by Seven Grand may increase this risk. The theories behind the investment strategy of Seven Grand are untested and may be difficult or impossible to execute on. There can be no assurance that Seven Grand's judgment will result in profitable investments. There can be no assurance that Seven Grand and its Clients will not incur losses.

Certain of the characteristics and risks of the portfolio securities and investment techniques which Seven Grand may utilize in managing each Client's portfolio are set forth below. This discussion is not intended to describe every potential risk of investing with Seven Grand, and potential investors must make their own evaluation of the risk of investing with Seven Grand.

### **Select General Risks**

***Leverage.*** Seven Grand may borrow and utilize various forms of leverage. Seven Grand may borrow without limitation. Leverage transactions create an opportunity for increased net income but, at the same time, increase the volatility of a Client's net asset value as a result of fluctuations in market interest rates and increase the risk of a Client's portfolio. Leverage will magnify declines as well as increases in a Client's net asset value and yield. The value of a Client's assets may decline during a period when the Client is utilizing leverage, thus increasing the Client's exposure to capital risk. To the extent that the income derived from the assets obtained with borrowed funds exceeds the interest and other costs of leverage to a Client, a Client's net income will be greater than if the Client had not employed leverage. Conversely, if the cost of leverage exceeds the income derived from the assets obtained with borrowed funds, a Client's net income will be lower than if the Client had not employed leverage.

***Potentially Illiquid Investments.*** In order to manage the illiquidity of certain of a Client's investments, Clients may separately account for or "side pocket" such investments. In "side pocketing" an investment, no gain or loss on the investment is ordinarily allocated until the investment has been sold or has otherwise become readily marketable. In addition, only investors who are investors at the time the investment is made participate in the gains or losses associated with the investment, and if a participating investor withdraws from the Fund prior to the time that a side pocketed investment has become liquid, the investor's interest in the applicable securities will be withheld from distribution until the securities have been sold. Seven Grand seeks to minimize its utilization of "side pocket" accounting.

To the extent that a significant portion of a Client's assets have been side-pocketed or are otherwise illiquid, Seven Grand may be required to delay payment of a portion of the amount being withdrawn by a withdrawing Investor or to limit the amount being withdrawn. Even if Seven Grand is able to fund the withdrawal, there may be difficulties in valuing the withdrawing Investor's Interest.

***Epidemics/Pandemics.*** Certain countries have been susceptible to epidemics or pandemics, most recently a novel and highly contagious form of coronavirus ("COVID-19"). The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the worldwide economy, global markets

and business activity globally (particularly with respect to economies of nations where the novel coronavirus has arisen including in the countries in which Clients may invest), and thereby is expected to adversely affect the performance of Clients' investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on global economic and market conditions, including volatility in or disruption of the markets, and, as a result, presents material uncertainty and risk with respect to the Clients and the performance of their investments or operations, and could have a material adverse impact on the ability of the Adviser and Clients to make investments, and the ability of Clients to achieve investment objectives.

*Market Disruption, Terrorism and Geopolitical Risk.* Seven Grand and its Clients are subject to the risk that war, terrorism and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of investments. At such times, Clients' exposure to a number of other risks described elsewhere in this section can increase.

*Cyber Security Risk.* With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Clients and its service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Clients, the Adviser, and/or other third party service providers may adversely impact the Clients or the investors. For instance, cyber-attacks may interfere with the processing of investor transactions, impact a Client's ability to value its assets, cause the release of private investor information or confidential information of a Client, impede trading, cause reputational damage, and subject a Client to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. Clients may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future and for costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and updated cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor relations, or litigation. Clients and investors could be negatively impacted as a result. While Clients and their service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments in which Seven Grand invests, which could result in material adverse consequences for such issuers, and may cause a Client's investment therein to lose value.

## **Select Market Risks**

*Concentration of Investments.* Seven Grand may hold a relatively large (in relation to its capital) position in securities with the result that a loss in any position could have a material adverse impact on the Client's assets. Seven Grand's investments generally will be in securities which Seven Grand believes are consistent with the quality standards considered suitable for the Client. However, because of the possible concentration of its investments in a relatively few positions or industry sectors, the Client should not be considered to provide an investor with a full investment program. Accordingly, the Client's investment structure may involve greater financial risk than the strategy of other more diversified investment funds.

In attempting to maximize the Client's return, Seven Grand may concentrate the holdings of the Client in those industries and companies which, in the judgment of Seven Grand, provide the most positive risk/reward ratio. The unfavorable performance of one or more investments could have substantial adverse impact on the aggregate returns realized by investors. Therefore, the returns generated may not adequately compensate Investors for the business and financial risks assumed, and an investor may lose all or part of his investment in the Client.

*Derivative Instruments.* Seven Grand may invest in derivative instruments. Generally, derivatives can be characterized as financial instruments whose performance is derived, at least in part, from the performance of an underlying asset or assets. Types of derivatives include options, futures contracts, options on futures and forward contracts. Derivative Instruments may be used for a variety of reasons, including to enhance return, hedge certain market risks, or provide a substitute for purchasing or selling particular securities. Derivatives may provide a cheaper, quicker or more specifically focused way for a Client to invest than "traditional" securities would.

Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative and the portfolio as a whole. Derivatives permit a Client to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as a Client can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities. Other risks that derivative instruments have include imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative instruments. Furthermore, the ability to successfully use derivative instruments may be more dependent on Seven Grand's ability to predict pertinent market movements than other investments. Thus, the use of derivative instruments may result in losses greater than if they had not been used, may require a Client to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Client can realize on an investment, or may cause the Client to hold a security that it might otherwise sell. Additionally, amounts paid by a Client as premiums and cash or other assets held in margin accounts with respect to derivative instruments are not otherwise available to the Client for investment purposes.

Derivatives may be purchased on established exchanges or through privately negotiated

transactions referred to as over-the-counter derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency which is the issuer or counterparty to such derivatives. This guarantee usually is supported by a daily payment system (i.e., margin requirements) operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees over-the-counter derivatives. Therefore, each party to an over-the-counter derivative bears the risk that the counterparty will default. Accordingly, Seven Grand will consider the creditworthiness of counterparties to over-the-counter Derivatives in the same manner as they would review the credit quality of a security to be purchased by a Client. Over-the-counter derivatives are less liquid than exchange-traded derivatives since the other party to the transaction may be the only investor with sufficient understanding of the derivative to be interested in bidding for it.

Outside the United States, derivative instruments may not be regulated as rigorously as in the United States, may not involve a clearing mechanism and related guarantees, and are subject to the risk of governmental actions affecting trading in, or the prices of, non-U.S. securities, currencies and other instruments. The value of such positions also could be adversely affected by: (i) other complex foreign political, legal and economic factors; (ii) lesser availability than in the United States of data on which to make trading decisions; (iii) delays in a Client's ability to act upon economic events occurring in non-U.S. markets during non-business hours in the United States; (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States; and (v) lower trading volume and liquidity.

Early Stage Companies. Seven Grand may invest in securities of unseasoned early stage companies with little or no operating history. Early stage companies represent highly speculative investments. Seven Grand's ability to realize value from an investment in an early stage company is largely dependent upon successful completion of the early stage company's initial public offering or the sale of the early stage company to another company, which may not occur for a period of several years after the date of a Client's investment, or may not occur at all. There can be no assurance that any of the early stage companies in which a Client invests will complete public offerings or be sold, or, if such events occur, as to the timing and values of such offerings or sales. Seven Grand, may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance. Some companies may depend upon managerial assistance or financing provided by their investors. The value of a Client's investments may depend upon the quality of managerial assistance provided by the investors in the companies and their ability and willingness to provide financial support. In addition, there can be no assurance that Seven Grand will be able to identify a sufficient number of desirable venture capital investments.

Equity Securities. Seven Grand may invest in equity securities without regard to market capitalization or liquidity. Seven Grand's ability to achieve its investment objective may be affected by the risks attendant to any investment in equity securities. Seven Grand is subject to risks associated with investing primarily in equity securities, including market risk, issuer risk, credit risks, price volatility risks and market trends risk. Market risk is the risk that securities may decline in value due to factors affecting securities markets generally or particular industries. Issuer risk is the risk that securities may decline for reasons relating to the issuer, such as changes

in the financial condition of the issuer. Seven Grand faces the risk of price volatility. While equities may offer the potential for greater long-term growth than most debt securities, they generally have high volatility.

Seven Grand may invest in common stocks, which represent an equity (ownership) interest in a company. Seven Grand may also buy other types of equity securities such as preferred stock and warrants or other securities that are exchangeable for shares of common stock.

General Economic Conditions. The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equities and interest-sensitive securities. Unexpected volatility or liquidity in the markets in which Seven Grand (directly or indirectly) holds positions could impair a Client's ability to carry on its business or cause it to incur losses.

Growth Company Securities. Seven Grand may invest in growth company securities. Growth company securities are securities of companies that have exhibited faster-than average gains in earnings over the last few years and are expected to continue to show high levels of profit growth. Growth securities are more volatile and thus tend to rise faster in advancing markets and to drop sharply in falling markets. Prices of growth securities may decline due to changing economic, political or market conditions, or due to the financial condition of the company which issued the security, and may decline to a greater extent than the overall equity market.

Hedging Transactions. Seven Grand has the ability to hedge its investments. There are two types of hedges -- long (or buying) and short (or selling) hedges. Hedging against a decline in the value of a portfolio position 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 positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for Seven Grand to hedge against an exchange rate or interest rate fluctuation at a price sufficient to protect a Client's assets from the decline in value of the portfolio positions as a result of such fluctuations.

The success of the hedging transactions is subject to Seven Grand's ability to correctly predict movements in the direction of currencies, interest rates, equities and other financial instruments. Therefore, while Seven Grand may enter into such transactions to seek to reduce these risks, unanticipated changes may result in a poorer overall performance than if Seven Grand 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 position being hedged may vary. Moreover, for a variety of reasons, Seven Grand may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Client from achieving the intended hedge or expose it to risk of loss.

The success of currency hedging transactions is subject to Seven Grand's ability to match the fluctuating value of the assets and the value of other instruments denominated in the relevant world currency, with appropriate forward contracts and other currency instruments. Therefore,



while Seven Grand may enter into such transactions to reduce currency exchange risks, if the currency transactions are incorrectly matched, such transactions could have an adverse effect on the performance of a Client, or could only partly hedge the risks associated with fluctuations in the value of the relevant world currency against the U.S. dollar. Furthermore, perfect hedges do not exist, and Seven Grand only seeks to hedge to the extent practicable against fluctuations in the relevant world currency/U.S. dollar exchange rate. There can be no assurance that such hedging transactions will be effective.

*Initial Public Offering.* Seven Grand intends to invest in initial public offerings (“IPOs”). The allocation of such securities may be restricted by the “new issue” rules of the Financial Industry Regulatory Authority (“FINRA”). FINRA “new issue” rules restrict certain persons associated with broker-dealers and other financial-type accounts (“restricted persons”) from participation in the profits and losses of certain initial public offerings (designated as “new issues”). Accordingly, Client returns may be lower than the returns of comparable investment vehicles that invest more heavily in new issues. The impact of IPOs on a Client’s performance depends on the strength of the IPO market and the size of the Client.

*Institution Risk.* There is a possibility that the institutions, including brokerage firms, futures commission merchants and banks, with which Seven Grand does business, or with whom securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of a Client. In particular, a Client may leverage its portfolio through swaps. A default by a swap counter party could adversely affect a Client.

*Issuer Fraud.* Although Seven Grand intends to employ reasonable diligence in evaluating portfolio securities, no amount of diligence can eliminate the possibility that one or more issuers of such portfolio securities may engage in improper or fraudulent conduct, including improper accounting practices and unsupportable valuations of assets.

*Restricted and Illiquid Securities.* Seven Grand may invest in an illiquid or restricted security. Generally, a security is considered illiquid if it cannot be disposed of within seven days. Its illiquidity might prevent the sale of such a security at a time when a Client might wish to sell, and these securities could have the effect of decreasing the overall level of a Client’s liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, requiring a Client to rely on judgments that may be somewhat subjective in determining value, which could vary from the amount that a Client could realize upon disposition. It may be relatively difficult for the partnership to dispose of investments rapidly at favorable prices in connection with redemption request, as the result of adverse market developments or due to other factors.

Seven Grand may purchase restricted securities (i.e., securities the disposition of which may be subject to legal restrictions) and securities that may not be readily marketable. Because of the nature of these securities, a considerable period of time may elapse between Seven Grand’s decision to dispose of these securities and the time when Seven Grand is able to dispose of them, during which time the value of the securities could decline. The expenses of registering restricted securities (excluding securities that may be resold by a Client pursuant to Rule 144A) may be

negotiated at the time such securities are purchased by Seven Grand. When registration is required before the securities may be resold, a considerable period may elapse between the decision to sell the securities and the time when Seven Grand would be permitted to sell them. Thus, a Client may not be able to obtain as favorable a price as that prevailing at the time of the decision to sell. Seven Grand may also acquire securities through private placements. Such securities may have contractual restrictions on their resale, which might prevent their resale by a Client at a time when such resale would be desirable.

*Private Investments in Public Equities.* Seven Grand may be involved in private investments in public entities (“PIPEs”). PIPE transactions may involve the sale of common stock, convertible preferred stock, convertible debentures, warrants, or other equity or equity-like securities of an already-public company. In a PIPE transaction, the Client may bear the price risk from the time of pricing until the time of closing. Generally, in a PIPE transaction, the Client would enter into a definitive purchase agreement with the company in which it commits to purchase securities at a fixed purchase price and the issuer would not be obligated to deliver additional securities to the Client in the event of fluctuations in stock price or otherwise.

In a PIPE transaction, the Client may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC’s preparedness to declare effective a resale registration statement covering the resale from time to time of the shares sold in the private placement. Seven Grand’s ability to dispose of securities acquired in PIPE transactions may depend upon the registration of the resale of the acquired securities. Any number of factors may prevent or delay a proposed registration, or limit the number of securities which can be registered, and once effective there can be no assurance that the registration will remain in effect. While it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act or otherwise under the US federal securities laws, the availability of this alternative can be (i) significantly limited where the Client’s ownership of securities of the issuer, or its relationship with the issuer, could result in the Client being considered an affiliate of the issuer or (ii) delayed where the issuer is not current in its public information reporting requirements. As a result, the Client may not be able to liquidate PIPE securities quickly, and the delay in the opportunity to sell such securities could expose the Client to the risk of a lower available market price when the Client has the ability to sell the securities.

An issuer typically must keep effective a resale registration statement for two years. During this two-year period, the issuer may suspend the use of a registration statement because the registration statement must be amended or corrected to remedy a material misstatement or omission. During the suspension period, the Client will have limited liquidity with respect to securities acquired in a PIPE transaction, as it will not be able to avail itself of the resale registration statement to resell the securities purchased in the PIPE transaction.

In addition, PIPE transactions may be entered into with smaller capitalization public issuers, which will entail business and financial risks comparable to those of investments in the publicly issued securities of smaller capitalization issuers. There can be no guarantee that there will be an active or liquid market for the securities of any small capitalization issuer due to the possible small number of securities issued by the issuer and the small number of security holders. As a

result, even if the Client is able to have the resale of securities acquired in a PIPE transaction registered or to sell such securities through an exempt transaction, the Client may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of a Client's Investments.

*Rule 144A Securities.* Seven Grand may invest in "Rule 144A Securities." Rule 144A Securities are securities that are not registered for sale to the general public under the Securities Act of 1933, but that may be resold to certain institutional investors. Such securities are subject to contractual or legal restrictions on subsequent transfer. As a result of the absence of a public trading market, such securities may in turn be less liquid and more difficult to value than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from the sales could, due to illiquidity, be less than those originally paid by a Client or less than their fair value and in some instances, it may be difficult to locate any purchaser. If any Rule 144A Securities held by a Client are required to be registered under the securities laws of one or more jurisdictions before being resold, a Client may be required to bear the expenses of registration. Securities which are freely tradable under Rule 144A may be treated as liquid if Seven Grand is satisfied that sufficient trading activity and reliable price information exists. Investing in Rule 144A Securities could have the effect of increasing the level of illiquidity of a Client's portfolio to the extent that qualified institutional buyers become, for a time, uninterested in purchasing such securities.

*Thinly Traded and Illiquid Securities.* Seven Grand may invest in thinly traded or "illiquid" securities. Illiquid securities are defined as securities which cannot be sold or disposed of in the ordinary course of business within seven days at approximately the price at which Seven Grand has valued such securities. Securities may be illiquid because of contractual restrictions or because no significant trading market has developed for them. Seven Grand may find it difficult to dispose of or to obtain accurate price quotations for thinly traded or illiquid securities and it may take longer to liquidate positions in such securities than would be the case for more actively traded or liquid securities. In addition, inactive or low volume trading markets typically experience more volatility than higher volume markets. The prices realized on the resale of thinly traded or illiquid securities could be less than those originally paid by the Client.

*Volatility.* In recent years, financial markets have evidenced a high level of volatility. While the trading strategy utilized by the partnership seeks to exploit such volatility, continued volatility could disrupt the investment strategy of a Client, decrease the value of a Client's portfolio and adversely impact its profitability. If Seven Grand's evaluation of an investment opportunity should prove incorrect, a Client could experience losses as a result of a decline in the market value of its portfolio securities in which it holds a short position. The risk management techniques that may be utilized by a Client do not provide any assurance that a Client will not be exposed to a risk of significant investment losses. The Investment Manager's investment programs may utilize such investment techniques as margin transactions, short sales, leverage, and options on securities and futures (subject to applicable regulatory requirements) which practices can, in certain circumstances, increase the adverse impact to which a 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.

### **Select Operational Risk**

*Suspensions of Trading.* Each securities exchange typically has the right to suspend or limit trading in some or all securities which it lists. Such a suspension would render it impossible for Seven Grand to liquidate positions and, accordingly, could expose a Client to losses.

### **Select Management Risks**

*Accuracy of Assessments.* Seven Grand's investment program should be considered speculative, as there can be no assurance that Seven Grand's assessments of the short-term or long-term prospects of investments will prove accurate.

*Business Dependent Upon Key Individuals; Investors Do Not Participate in Management.* All management decisions with respect to a Client will be made by Seven Grand. All investment decisions with respect to a Client's assets will be made by Seven Grand, which relies on the expertise of the Principals. Investors will have no right or power to take part in the management of a Client and will have to rely on the ability of Seven Grand to identify, monitor and liquidate investments. There is no assurance that the strategies employed by Seven Grand will achieve attractive returns or will be successful. Additionally, if either of the Principals dies or becomes otherwise unavailable to provide services to the Clients for any period of time, profitability of a Client's investments may suffer.

*Incentive Allocation.* Seven Grand's performance allocation arrangements with Seven Grand may be viewed as creating an incentive for Seven Grand to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation. Since Seven Grand's Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Client's assets, such allocation may be greater than if it was based solely on realized gains. The aggregate amount of fees and special allocation of Net Profits payable by the Client to Seven Grand may be higher than the fees paid for similar services by companies which be considered comparable to the Client.

*Discretion of Investment Manager.* Seven Grand has broad discretion in selecting portfolio securities and in developing a risk profile for a Client portfolio. There are few limitations on the types of securities or other financial instruments which may be traded. Unlike a registered investment company, which must adopt certain fundamental investment policies and restrictions which cannot be changed without shareholder approval, Seven Grand will have wide latitude in determining, adjusting, and even changing a Client's investment strategy, if deemed appropriate by Seven Grand, without the consent of the Investors.

Seven Grand has considerable discretion in the types of securities which may be traded and has the right to modify the trading strategy or hedging techniques without the consent of the Investors. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to a Client. In addition, any new investment strategy

or hedging technique developed by Seven Grand may be more speculative than earlier techniques and may increase the risk of an investment in a Client.

*Non-Disclosure of Other Arrangements.* Seven Grand may, without notice to other investors, enter into arrangements with certain investors granting them, among other things, greater portfolio transparency, fee waivers or reductions, shares having different voting rights or restrictions, additional rights to reports and other information and other more favorable investment terms (including redemption rights) than the terms that are described herein. Seven Grand shall not have an obligation to offer such additional rights, terms or conditions to all of its investors.

*Non-Diversified.* The investment strategy does not require or contemplate diversification of a Client's investments. Seven Grand may invest its assets without limitation in one or a relatively few securities. Seven Grand will be exposed to the risks to which entities in which it invests are exposed. Seven Grand may invest its assets without limitation in the securities of issuers in one or a relatively few situations and industry sectors. Seven Grand will be exposed to the risks of economic fluctuations in such industry sectors. Seven Grand presently concentrates its investments in securities of issuers in the financial sector.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED ASSOCIATED WITH SEVEN GRAND'S INVESTMENT ANALYSIS AND INVESTMENT STRATEGIES. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT. PROSPECTIVE INVESTORS SHOULD READ THE OFFERING DOCUMENTS AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT.**

**Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Adviser or the integrity of Adviser's management.

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of Seven Grand's advisory business or the integrity of its management.

## Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Fund's managing member, Seven Grand Partners GP, LLC, is an affiliate of the Adviser ("the **Managing Member**"). The Managing Member is controlled by the Principals and is responsible for the Fund's non-investment functions. Since the Managing Member is entitled to receive a share of the incentive allocation from the Fund, this may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. However, as noted in *Item 11*, the Adviser has a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for its Clients in a manner that is consistent with its fiduciary duties to its Clients.
- D. The Adviser does not recommend or select other investment advisers for its Clients nor does it have any business relationship with other advisers that might create a material conflict of interest.

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

- A. The Adviser has adopted a written Code of Ethics (the “**Code**”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that Adviser employees execute personal securities trading in a manner that mitigates actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser requires pre-clearance of purchases of an IPO or a new private placement; pre-clearance of certain personal securities transactions; periodic reporting of employees' personal securities transactions and holdings; and prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to reduce the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to its Clients securities in which the Adviser or any related persons have a material financial interest.
- C. The Adviser or related persons may invest in securities that it recommends to Clients. This may create an incentive for the Adviser to allocate securities in favor of the Adviser's proprietary accounts over the Client accounts. To address these conflicts of interest, the Adviser has implemented personal trading policies within the Code that requires pre-clearance of personal trades in certain circumstances; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.
- D. Subject to the requirements of the Code, the Adviser or related persons may recommend investments to Clients, or make investments for Clients, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own personal account. See *Item 11.C.* above for a discussion on how these conflicts of interest are addressed.



## **Item 12 - Brokerage Practices**

- A. The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries will use in effecting the transactions for Clients, and the commission rates to be paid for such transactions.

### *Brokerage*

The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause the Clients to enter into arrangements pursuant to which the Clients pay transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Clients may be cleared through, and the Clients' investment instruments may be held by, a number of financial institutions the Adviser will select on terms negotiated with each such financial institution individually. Subject to the Adviser's Offering Documents, the Adviser may use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm.

### *Brokerage for Client Referrals*

In selecting or recommending broker-dealer for client accounts, the Adviser nor its related person will consider the receipt of client referrals when selecting broker-dealers to execute transactions.

### *Directed Brokerage*

The Sub-Advisory Funds will have designated firms to serve as both the custodian and prime broker for its assets. The Sub-Advisory Funds, however, will not routinely recommend, request or require the Adviser to execute transactions through a specified broker-dealer. The executing brokers retained by Seven Grand will be selected by the Adviser at its sole discretion.

### *Soft Dollars*

The Adviser may receive from a Client's broker-dealers, products and services in addition to brokerage services.

A portion of the commissions generated on the Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. The Adviser will use the research and services in making investment decisions for the applicable Client. The Adviser may also enter into "soft dollar" arrangements to cover Client

expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use “soft dollar” credits generated by the Clients’ securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Client. In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser may create a conflict of interest between the Adviser and its Clients, because a Client will pay for such products and services that may not be exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources, the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. The Offering Documents of both the Fund and Sub-Advisory Funds specifically authorize these practices to the fullest extent permitted by law.

- B. In managing Clients’ portfolios, the Adviser generally will aggregate trades, because it believes that doing so is consistent with its duty to seek best execution and to negotiate more favorable commission rates or other transaction costs than might be paid if orders are placed independently. When Advisory Client trades in the same security or other instrument cannot be aggregated into a single order, the Adviser’s Chief Investment Officer or traders will direct the trades to the market in a way that seeks to best achieve equivalent treatment.

#### Trade Allocations

Trade allocation decisions are made in a manner that is both fair and equitable to all of its Advisory Clients in accordance with the investment objectives of the Advisor’s Clients. The Adviser will take steps to ensure that no Client will be systematically disadvantaged by the aggregation, placement or allocation of trades. The Adviser will allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. The Adviser will not allocate investment opportunities based on anticipated compensation or profits to the Adviser, any affiliates

or its professionals. In addition, no allocations will be made to a personal account of any employee of the Adviser. To ensure fairness in the allocation of investment opportunities amongst Clients, the Adviser will allocate investment opportunities with regard to the suitability of such investments to each Client. In determining the suitability of each investment opportunity for a Client, consideration will be given to a number of factors, the most important being the Advisory Client's investment objectives, strategies, guidelines, existing portfolio composition and cash levels, as well as legal, tax and regulatory suitability. For investments that are suitable for more than one of the Adviser's Clients, the Adviser will allocate trades pursuant to a standard allocation methodology set forth in the Adviser's trade allocation policy. The Adviser may, however, determine not to allocate investments that may be suitable for multiple Clients in accordance with a standard allocation method for a variety of reasons that are set forth in the trade allocation policy adopted by the Adviser.

#### Trade Error Policy

The Adviser may from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in implementing specific trades which the Adviser had determined (rightly or wrongly) to make. Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume of transactions executed by the Adviser on behalf Clients, Clients should assume that trading errors will occur.

Clients (and not the Adviser or any of its affiliates or personnel) will retain all gains resulting from trade errors. In accordance with the exculpation and indemnification provisions contained in the agreements between the Adviser and its Clients (and the investors therein), as a general matter, all losses resulting from trade errors (that are not reimbursed by third parties, such as executing brokers) shall be borne by the affected Client, and not the Adviser, unless (i) such trade error was caused by the Adviser or its personnel acting with willful misconduct, recklessness or gross negligence or (ii) reimbursement by the Adviser to the affected Client is otherwise required by applicable law. In order to address the risk presented by trade errors, the Adviser has adopted written policies and procedures to ensure the internal reporting and correction of trade errors.

### **Item 13 - Review of Accounts**

- A. The Adviser is responsible for reviewing Client investment portfolios. The Principals of the Adviser are responsible for reviewing Client investment portfolios on a continuous basis relating to, among other factors, position sizes; security positions; exposure levels; margin requirements and investment opportunities.
- B. See *Item 13.A.* above.
- C. The Adviser provides written periodic financial reports, such as audited annual financial statements to the Investors in the Fund. Seven Grand or the custodian of the Sub-Advisory Funds provide a written account statement or report to the Sub-Advisory Funds on a periodic basis, depending on the terms negotiated between the Sub-Advisory Funds and Seven Grand. The reports include the performance of the account along with other information as agreed by Seven Grand and the Sub-Advisory Funds.

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

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.
- B. The Adviser has entered into agreements with certain placement agents that provide for compensation to be paid for referring investors to the Fund. The Adviser ensures the solicitation arrangements it enters are in compliance with the Advisers Act. The Fund and the investors are not responsible for any of the fees paid to the placement agents.

## **Item 15 - Custody**

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Fund by virtue of the common control of the Adviser and the Managing Member. All assets and securities of the Fund are held by qualified custodians. As noted in *Item 13* above, Fund Investors receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review these statements.

Seven Grand is not deemed to have custody of the assets held in the Sub-Advisory Funds. The Sub-Advisory Funds do not surrender ownership of any cash or securities comprising the assets in its accounts. Seven Grand may not remove any cash or securities from a Sub-Advisory Fund and the assets subject to supervision will be maintained in street name in the respective Sub-Advisory Fund's custody with the custodian and/or broker-dealer selected by the Sub-Advisory Funds and set forth in each respective investment management agreement. Sub-Advisory Funds should carefully review account statements received from the broker-dealer, bank or other qualified custodian. Seven Grand periodically evaluates its status under the custody rule to determine any change.

## **Item 16 - Investment Discretion**

Seven Grand exercises full discretionary authority in managing the investments made by the Fund, based on the Fund's investment objectives, policies and strategies disclosed in its Offering Documents. Seven Grand contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered among Seven Grand, the Fund and the Managing Member.

The Sub-Advisory Funds appoint the Adviser as agent and attorney-in-fact, with full power and authority in the Adviser's sole and absolute discretion to purchase, sell (including short sale), tender, exchange, convert or exercise and otherwise acquire or dispose of and trade and deal in or with the investments for the Sub-Advisory Funds in such manner as the Adviser considers appropriate, consistent with its strategies and the limits fully described in its investment management agreement.

## **Item 17 - Voting Client Securities**

- A. As a general practice, the Adviser does not anticipate voting securities on behalf of its Clients, however, it retains the right to vote such proxies on behalf of its Clients at its sole discretion. If a situation arises where the Adviser needs to exercise proxy voting, it will comply with its written policies and procedures governing the voting of client securities to ensure such proxies are voted in the best interests of its Clients.

If a material conflict is identified, the Principals, or such other designee (in consultation with outside compliance consultants and/or legal counsel) will determine what course of action is in the best interests of the affected Clients (which may include utilizing an independent third party to vote such proxies). Further, Seven Grand will determine whether it is appropriate to disclose the conflict to affected Clients and give such Clients (and investors, if applicable) the opportunity to vote the proxies in question themselves.

In the event the Adviser participates in proxy voting, the Adviser will keep record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Seven Grand's response for the previous five years. Investors do not have the ability to direct proxy votes.

Advisory Clients may obtain additional information regarding how Seven Grand voted proxies and may obtain a copy of Seven Grand's proxy voting policies and procedures by contacting [legal@sevensgrand.io](mailto:legal@sevensgrand.io).

- B. As discussed above, Seven Grand has the authority to vote Client securities, but as a general practice, does not participate in such voting.



**Item 18 - Financial Information**

- A. Seven Grand does not require or solicit prepayment of fees six months or more in advance.
- B. Seven Grand does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. Seven Grand has not been the subject of a bankruptcy petition at any time during the past ten years.