

# Verso Partners LP

**400 Pacific Avenue, Floor 2  
San Francisco, CA 94133**

**November 2023**

This “**Brochure**” provides information about the qualifications and business practices of Verso Partners LP (hereinafter “**Verso**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Emily Hu, by email at [emily@versolp.com](mailto:emily@versolp.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

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

**Item 2: Material Changes**

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Since the last Annual Amendment was filed in March 2023, this Form ADV Part 2A has been updated to include Verso's new principal place of business on the Cover Page.

### **Item 3: Table of Contents**

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#### Item 4: Advisory Business

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Verso Partners LP (hereinafter “**Verso**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited partnership with a principal place of business in San Francisco, California.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended.

Verso provides discretionary investment management services to qualified investors through its private funds, each a “**Fund**”, collectively referred to as the “**Funds**” or the “**Clients**”. The Funds’ “Limited Partners” and “Shareholders” are hereafter collectively referred to as the “**Investors**” where appropriate.

We are an affiliate of Verso Partners GP LLC (the “**General Partner**”), the general partner of the Firm. Joshua Sweren and Michael Siliciano are the majority owners and managing partners of the Firm and direct the investment activities and operations of the Funds.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**.”

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2022, Verso managed Regulatory Assets Under Management (“RAUM”) of approximately US \$510,913,898 on a discretionary basis.

## Item 5: Fees and Compensation

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The fees applicable to each of the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

### *Management Fee*

Verso is paid an investment management fee (“**Management Fee**”) per annum based on the target invested capital of the Funds or Net Asset Value.

The Firm, in its sole discretion, may waive or modify the Management Fee for any Investor.

Verso’s fee schedule is omitted because this brochure is only being delivered to qualified purchasers as defined in the Investment Company Act of 1940, as amended. Management fees generally are payable by investors quarterly, in advance, as of the beginning of each calendar quarter. Management fees are deducted directly from the capital account of each investor.

Our advisory fees are generally not negotiable.

### *Other Types of Fees or Expenses*

Verso is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Funds will bear all expenses relating to its ongoing structure and operation, including: (i) the management fee; (ii) all investment-related costs and expenses (i.e., expenses that, in the Firm’s sole discretion, are related to the investment of the Funds’ assets, whether or not such investments are consummated), including commissions and charges, interest on margin accounts and other indebtedness, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses (including research-related travel expenses), expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (iii) fees and expenses related to portfolio exposure and performance management systems, risk management services and software related to trade reconciliation, treasury, margin, financial and counterparty management, risk monitoring, performance reporting, valuation quotation services (e.g., Bloomberg terminals, historical and live financial data and other similar services and data feeds) and trade order management systems (including systems that facilitate trade compliance, commission management, stock locates and transaction cost analysis, and third party service providers used for implementation, custom reporting, updates, consultations, support, maintenance, monitoring and data extracts); (iv) the Funds’ legal, accounting, tax preparation and other tax-related expenses (including preparation and mailing costs of financial statements, tax returns and other reports to Limited Partners), auditing, consulting and other professional expenses; (v) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (vi) all fees and charges of custodians, clearing agencies and banks; (vii) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Funds or assets of the Funds (including Section 13, Section 16, Form D, Form PF, FATCA, anti-money laundering compliance, state

security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (viii) the Funds' pro rata share of Fund-related insurance costs (including the Funds' pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the General Partner and/or the Firm); (ix) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (x) all costs and expenses incurred in attempting to protect and enhance the value of a Fund investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (xi) any fees and expenses related to the Funds' liquidation, if applicable; (xii) fees paid to proxy and securities class action advisory firms; (xiii) expenses relating to the offer and sale of Interests and withdrawals and transfers thereof; (xiv) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Funds' assets and (xvii) any extraordinary expenses (e.g., indemnification expenses).

The Funds will bear all costs and expenses relating to the organization of the Funds and to the offering of Interests (including government filing fees, stamp duties or other taxes, legal and accounting fees, printing and mailing expenses and any other organizational costs, if any). To the extent that the General Partner or the Firm advances organizational expenses that should be borne by the Funds and does not waive reimbursement of such expenses, the General Partner or the Firm will be reimbursed by the Funds.

In general, each Investor will bear its proportionate share of the Funds' expenses on a pro rata basis with respect to the size of such Investor's target invested capital or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the General Partner and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the General Partner and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

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We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

## **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

To invest in the Funds, investors generally must be, among other things, “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and either “qualified clients” as such term is defined in Rule 205-3 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), or “qualified purchasers” as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Company Act”).

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

### ***Investment Objective***

We generally seek to earn the highest risk-adjusted rate of return through fundamental research and portfolio management. We seek to analyze and invest in securities, which may include derivative instruments that are either over-valued, in which case we will sell short the securities, or undervalued, in which case we will purchase the securities. We select investments, and allocate positions in those investments, based on downside risk, upside potential and the likelihood of those outcomes.

We may purchase or sell short debt securities, derivative instruments and contracts and other investments. We may take positions in companies with various sized market capitalizations, depending upon our analysis of the particular investment opportunity. As a part of our strategy, we may also acquire substantial ownership positions in a company, whether private or publicly traded, and may establish short positions with respect to a substantial percentage of the outstanding shares of a company.

We may also invest in illiquid investments, which may include the purchase of securities of companies via private placements or via publicly announced corporate transactions such as spin-offs, tender offers, mergers, special dividends, restructuring and liquidations. Our decision to invest is based on the expected value and attractiveness of the investment relative to other investment opportunities.

While our primary focus is on publicly-traded securities, opportunities may arise that will provide attractive rates of return outside the public markets. We may also, from time to time, invest in non-publicly traded securities that we believe are appropriate investments in conjunction with the clients' objectives.

The investment strategies summarized above are not intended to be comprehensive. For a more detailed description of the investment strategies applicable to a Fund, please refer to its governing and/or offering documents.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options,

and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Verso.

*General Investment and Trading Risks.* All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If the Firm's evaluation of an investment opportunity should prove incorrect, the Funds could experience losses as a result of a decline in the market value of securities in which the Funds hold a long position or an increase in the value of securities in which the Funds hold a short position. The Funds' investment program will include short sales, which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject. The risk management techniques that may be used by the Firm do not provide any assurance that the Funds will not be exposed to a risk of significant investment losses. No guarantee or representation is made that the Funds' investment program will be successful, that the Funds will achieve its targeted returns or that there will be any return of capital to Investors. In addition, investment results may vary substantially over time.

*Investment Judgment.* The profitability of a significant portion of the Funds' investment program depends to a great extent upon correctly assessing the future profitability of companies and future price movements of securities and other investments. There can be no assurance that the Firm will be able to accurately predict the long-term results of any security or other investment.

*General Economic Conditions.* The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the Funds' investments and could impair the Funds' profitability or result in losses. The Firm may consider some or all these factors when making trading decisions. The Funds could incur material losses even if the Firm reacts quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Funds will seek to invest can correlate strongly with each other at times or in ways that are difficult for the Firm to predict. Even a well-analyzed approach may not protect the Funds from significant losses under certain market conditions.

*Availability of Suitable Investments.* The success of the Funds' investment and trading activities depend on the ability of the Firm to identify overvalued and undervalued investment opportunities and to manage market risk. Identification and exploitation of the investment strategies to be pursued by the Funds involve a high degree of uncertainty. No assurance can be given that the Firm will be able to identify suitable investment opportunities in which to deploy all Fund capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Funds. Certain of the investment strategies employed by the Funds may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue. No representation is made by the Firm as to what results the Funds will or is likely to achieve based on these trends and relationships.

*Available Information.* The Firm may select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to the Firm by such issuers, or through sources other than the issuers. Although the Firm evaluates all such information and data, and seeks independent corroboration when the Firm considers it appropriate and when it is reasonably available, the Firm is not in a position

to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

*Concentration of Investments; Limited Diversification and Sector Investing.* The Funds may hold a limited amount of positions (both long and short) at any given time and the Funds may hold relatively large positions in few securities. As a result of the Funds' possible lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of the Funds. Likewise, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on the performance of the Funds.

*Equity Securities.* The Funds may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. A risk of investing in the Funds is that equity securities held by the Funds may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that the Firm believes are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that the Firm anticipates.

*Debt Securities.* Although the Funds will trade primarily in equities, the Funds also may invest in debt or other fixed income securities, including non-investment grade securities, sovereign debt and/or similar obligations and instruments. Particularly with respect to non-investment grade securities, there is a risk that the issuer will default on its payment obligations. The market values of debt instruments may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments may decrease significantly. Debt instruments may also be less liquid than equities, particularly during periods of market dislocation. The lack of a liquid secondary market may have an adverse effect on the market price and the Funds' ability to sell particular securities.

*Hedging.* The Funds may engage in certain hedging transactions, including derivatives, options, and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Funds. The success of the Funds' hedging strategy will be subject to the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Funds than if no such hedging transactions were executed. Moreover, the Firm may determine not to hedge against, or may not anticipate, certain risks. Finally, the Funds may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

*Options.* The Funds may engage in the trading of options when appropriate. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

*Derivatives.* The Funds may invest in derivative financial instruments. In addition, the Funds may, from time to time, utilize both exchange-traded and over-the-counter derivatives, including swaps, futures, options, and contracts for differences, either to express an investment view or for hedging purposes. Regulatory restraints may restrict the instruments that the Funds may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

*Currency Hedging.* The Funds may be exposed to foreign exchange risk and may seek to mitigate this risk through the use of a variety of strategies and products, including, but not limited to, Forex forwards, currency futures and currency swaps. There is no guarantee that any of these currency hedging strategies will reduce or prevent losses to the Funds. As part of its currency hedging strategy, the Funds may enter into currency transactions that are not traded on an exchange, and the funds that the Funds invest in those transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty to an over-the-counter Forex transaction becomes insolvent and the Funds have a claim for amounts deposited or profits earned on transactions with the counterparty, the Funds' claim may not receive a priority. Without a priority, the Funds are general creditors, and their claims will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even the Funds' funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. Forex trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the Funds.

*Inside Information.* From time to time, the Firm or its affiliates, may come into possession of material, non-public information concerning a company, and the possession of such information may limit the ability of the Firm to cause the Funds to buy or sell the securities issued by such company at times when the Firm might otherwise wish to cause the Funds to buy or sell such securities.

*Leverage.* The Funds may employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as the General Partner and/or the Firm may determine in its sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, margin borrowing from securities brokers and dealers, loans, repurchase agreements, derivative instruments that are inherently leveraged, and other financing arrangements, as determined by the General Partner in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by the Funds may be secured by the securities holdings and other assets of the Funds, as applicable. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Funds are unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Funds' borrowing and the interest rates on that borrowing, both of which will fluctuate, may influence the Funds' profitability. Additionally, leverage typically will cause the Funds' net asset value to increase or decrease at a greater rate than if leverage were not used.

*Short Sales.* Short selling involves borrowing, including from securities brokers or other institutions, and selling securities that are not owned, with an obligation to replace the borrowed securities at a later date, the cost of which may be significant. Short selling allows the investor

to profit from a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, short sellers are subject to the risk of a “short squeeze.” A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the security that has been loaned at any time. If a lender were to demand the return of securities that the Funds had borrowed, the Funds would be required to replace the borrowed securities by borrowing identical securities from another lender. If the Funds were unable to replace the borrowed securities, it would be required to close out the short sale by buying identical securities in the market to make delivery. In such event, the Funds could incur significant losses if the securities sold short had increased in value.

The Funds also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice. In addition, the cost to borrow securities in connection with short sales may be significant.

*Securities Lending.* The Funds may lend securities to securities brokers and other institutions as a means of earning additional income. If the other party to such transaction becomes insolvent or bankrupt, the Funds could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, the Funds could experience further losses. Security loans must be fully collateralized, and the Firm must be satisfied with the creditworthiness of the other party to the transaction.

*Interest Rates.* The General Partner and/or the Firm may borrow funds from brokerage firms and banks on behalf of the Funds to be able to increase the amount of capital available for marketable securities investments. The rates at which the Funds can borrow will affect the operating results of the Funds. Even if the Funds make a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade.

*Margin.* The General Partner and/or the Firm may make use of short-term borrowing or repurchase agreements on behalf of the Funds, and any such use will result in certain additional risks to the Funds. For example, should the securities pledged or charged to brokers to secure the Funds’ margin accounts or repurchase obligation decline in value, the Funds could be subject to a “margin call,” pursuant to which the Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged or charged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Funds’ assets, the Funds might not be able to liquidate assets quickly enough to pay off its margin debt.

*Price and Liquidity Fluctuations of Investments.* It is expected that the Funds’ investments will be in public securities. However, the market value of the Funds’ investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which the Funds invest. During periods of limited liquidity and higher price volatility, the Funds’ ability to acquire or dispose of its investments at a price and time that the Funds deem advantageous may be impaired. As a result, in periods of rising market prices, the Funds may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; the Funds’ inability

to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

*Trade Error Risk.* 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 and complexity of transactions executed by the Firm on behalf of the Funds, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, the Firm will not be responsible for gains or losses resulting from trade errors, except where such trade error is the result of the Firm's gross negligence, willful misconduct, or fraud.

*Securities Market Volatility.* Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region or the market as a whole.

*Risk of Operations/Liquidity Risks.* Although the securities that the Funds may acquire generally will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Funds to liquidate its positions and would thereby expose it to losses. In addition, some of the securities in which the Funds may invest may be thinly traded, potentially making it difficult for the Funds to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so. There may be a variety of other reasons why a security in which the Funds may invest may be illiquid, and, in such event, the Funds may have similar issues with realizing such security.

*Risks of Foreign Investments.* The Funds may invest in securities of foreign companies, governments, and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Funds may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid, and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Funds may invest may be thinly traded and relatively illiquid or may cease to be traded after the Funds invest in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Funds occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Funds may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

*Company Capitalization.* The Funds may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small- and medium-capitalization securities, an investment in those securities may be illiquid. The small- and medium-capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

*Institutional Risks.* Institutions will have custody of the assets of the Funds. Certain assets of the Funds will be exposed to the credit risk of the dealers, brokers, and exchanges through which the Firm deals, whether the Firm engages in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Funds. If any broker-dealer or other financial institution holding Fund assets were to become bankrupt or insolvent, it is possible that the Funds would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

*Counterparty Risk.* Brokers may trade with an exchange as principals on behalf of the Funds, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Funds (for example, the transactions that the broker has entered into on behalf of the Funds as principal as well as the margin payments that the Funds provide). In the event of such broker’s insolvency, the transactions into which the broker has entered as principal could default, and the Funds’ assets could become part of the insolvent broker’s estate, to the detriment of the Funds. The Funds’ assets may be held in “street name,” in which case, a default by the broker could cause the Funds’ rights to be limited to that of an unsecured creditor.

To the extent that the Funds invest in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Funds may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, the Funds’ prime broker and trading agreements may contain certain provisions that allow a counterparty to either terminate the relevant agreement or require additional levels of collateral, as applicable, for various reasons. The termination of the relevant agreement may result in immediate payment by the Funds of the mark-to-market amount, or net liability, due under the agreement, and, if not immediately replaced, a loss of the previously held investment and/or hedging exposure.

*Discretion and Changes in Investment Strategy.* The Firm has considerable discretion in choosing the securities that may be acquired, and, subject to its fiduciary duties, it has the right to modify the investment strategy, selection criteria or hedging techniques used by the Funds without the consent of the Investors.

*Financial Crises and Effects on Global Financial Markets.* World financial markets have in the past experienced and may in the future experience extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries previously have taken and may in the future take regulatory actions. However, global financial markets may remain volatile, and it is uncertain whether regulatory actions will be able to prevent losses and volatility in securities markets. It is possible that regulatory actions might increase the possibility of future volatility. Regulations may increase market fragmentation and decrease the global flow of capital as it may be too difficult for the Funds and other market participants to comply with multiple regulatory regimes. There may be significant new regulations that could limit Fund activities and investment opportunities or change the functioning of capital markets, and there is the possibility of regional and/or worldwide economic downturn. Consequently, the Funds may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

*Novel Coronavirus and Public Health Emergency.* As of the date of this Brochure, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a global pandemic on March 11, 2020. The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths and has significantly adversely impacted global commercial activity and contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many national, state and local governments have reacted by instituting mandatory or voluntary quarantines, travel prohibitions and restrictions, closures or reductions of offices, businesses, schools, retail stores, restaurants and other public venues and/or cancellations, suspensions and/or postponements of certain events and activities, including certain non-essential government and regulatory activities. Businesses are also implementing their own precautionary measures, such as voluntary closures, temporary or permanent reductions in work force, remote working arrangements and emergency contingency plans. Such measures, as well as the general uncertainty surrounding the dangers, duration and impact of COVID-19, are creating significant disruption to supply chains and economic activity, impacting consumer confidence and contributing to significant market losses, including by having particularly adverse impacts on transportation, hospitality, tourism, sports, entertainment and other industries dependent upon physical presence. As COVID-19 continues to spread, potential additional adverse impacts, including a global, regional, or other economic recession of indeterminate duration, are increasingly likely and difficult to assess and, if the spread of COVID-19 is prolonged, it could adversely affect many economies, global financial markets, or the Funds even after COVID-19 is contained.

The extent of the impact of COVID-19 on the Funds’ operational and financial performance will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of the COVID-19 pandemic may materially and adversely impact the value, performance and liquidity of the Funds, leverage availability and terms, the Firm’s ability to source, manage and divest investments and the Firm’s ability to achieve its investment objectives, all of which could result in significant losses to the Funds and its investors.

COVID-19 may also adversely impact one or more individual Limited Partner’s financial condition, which could result in withdrawal requests by such Limited Partners as a result of their individual liquidity situations and irrespective of Fund performance. Such Limited Partner withdrawal requests could also adversely affect the Funds.

In addition, COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of the Funds and the Firm. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel.

**Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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### *Code of Ethics*

Verso has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees are permitted to maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives).

Employees must obtain pre-approval from the CCO before: (i) trading in single name securities; (ii) trading in Initial Public Offerings (“**IPOs**”) (iii) engaging in any outside business activities; or (iv) making any private investments. Employees are prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

## **Item 12: Brokerage Practices**

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Verso is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm’s authority is limited by its own internal policies and procedures and each Fund’s investment guidelines.

### ***Best Execution***

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers’ full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### ***Soft Dollars***

The Firm may use “**Soft Dollars**”. In such cases, Soft Dollar credits, generated by the Funds’ trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Fund expenses. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Verso nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

### ***Order Aggregation***

We aggregate client transactions when possible (i.e., generally, buying or selling the same security for multiple clients on the same day), when advantageous to clients, when not favoring certain clients over other clients and when consistent with the duty of best execution. Our primary consideration is fair and equitable treatment of all clients over time (i.e., average pricing, efficient and effective execution pricing), and not simply lowering commissions. Whenever possible, the discretionary purchase or sale (execution) price of a security bought or sold during the same day effected by the same broker-dealer will be equitably averaged and

aggregated with similar discretionary purchases and sales for all participating clients, including our related persons.

### ***Allocation of Investment Opportunities***

We generally allocate investment opportunities among clients with a goal of being fair and equitable over time. Each trade ordered by our authorized employees is for the aggregate number of shares for all applicable clients.

Profits and losses from “new issues,” as such term is defined under Financial Industry Regulatory Authority (“FINRA”) rules, are allocated only to investors who have represented that they are eligible to participate in such new issues, as contemplated by applicable FINRA rules.

In allocating investment and trading opportunities among clients, we will make a determination, exercising our judgment in good faith, as to whether an opportunity is appropriate for each client. Factors in making such a determination may include a client’s liquidity, overall investment strategy and objectives, the regulatory constraints of the client, the composition of the client’s existing portfolio, the size or amount of the available opportunity, the characteristics of the securities involved, the liquidity of the markets in which the securities trade, the risks involved, and other factors relating to the relevant client and investment opportunity.

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

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Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in the Funds' Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

#### ***Account Reporting***

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute quarterly unaudited net asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

## Item 15: Custody

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We are deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Verso.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) (i.e., the “custody rule”) by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund’s annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund’s audited financials to Investors within 120 days of such Fund’s fiscal year end.

**Item 16: Investment Discretion**

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We have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

## Item 17: Voting Client Securities

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with the Client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

**Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.