

**Item 1 Cover Page**

# **Summit House Capital Management, LLC**

**Form ADV Part 2A Brochure**

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**October 18, 2023**

## Item 2 Material Changes

This brochure differs from the previous version, dated March 2023, in the following material respects:

- We updated our Firm address.

In this item, Summit House Capital Management, LLC will periodically identify and discuss material updates to the Brochure. This is intended to inform current and prospective clients of important developments that may take place in Summit House Capital Management, LLC's business practices.

Summit House Capital Management, LLC will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, Summit House Capital Management, LLC's Brochure may be requested by contacting Mr. Bryan Macktinger, Chief Compliance Officer at (214) 227-7792 or [mack@summithousecapital.com](mailto:mack@summithousecapital.com).

Additional information about Summit House Capital Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Summit House Capital Management, LLC is 306823. The SEC's web site also provides information about any persons affiliated with Summit House Capital Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Summit House Capital Management, LLC.

## **IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE**

***This Disclosure Brochure is not:***

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell nor a solicitation of any offer to purchase any security***
- ***an offer to sell interests or shares (or a solicitation of an offer to purchase interests or shares) in any pooled investment vehicle managed by Summit House Capital Management, LLC or any of its affiliates***
- ***a complete discussion of the features, risks or conflicts associated with any security***

As required by the Investment Advisers Act of 1940, as amended, Summit House Capital Management, LLC provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors or shareholders in a pooled investment vehicle, together with other relevant governing documents, such as the pooled investment vehicle's prospectus and statement of additional information, private placement memoranda, limited partnership agreement or offering circular, prior to, or in connection with, such persons' investment in a pooled investment vehicle.

Although this publicly available Brochure describes investment advisory services and products of Summit House Capital Management, LLC, persons who receive this Brochure (whether or not from Summit House Capital Management, LLC) should be aware that it is designed solely to provide information about Summit House Capital Management, LLC as necessary to respond to certain disclosure obligations under the Investment Advisers Act of 1940, as amended. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each pooled investment vehicle is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by Summit House Capital Management, LLC. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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## **Item 4 Advisory Business**

Summit House Capital Management, LLC (“Summit House” the “Firm,” “we,” or “our”) is a limited liability company and has its principal place of business located in Dallas, Texas. The Firm was founded by Jed Walsh in 2019 and provides advisory services as a registered investment advisory firm.

The Firm provides discretionary investment advisory services to private investment funds (each a “Fund” or collectively the “Funds”), and separately managed accounts (each a “Managed Account” and collectively, the “Managed Accounts”). Each Fund and Managed Account may be referred to herein as a “Client” or collectively, the “Clients.” Summit House is focused on stressed, middle market credit, including syndicated credits that have between \$100mm to \$500mm of overall tradeable market value.

In providing such services to the Clients, Summit House has discretion, subject to the terms of the Clients’ Governing Documents (as defined below), to formulate investment objectives, direct and manage the investment and reinvestment of the Clients’ assets.

Terms of investments, including Client objectives, limitations and strategies are governed exclusively by the terms of the private placement memorandum, limited partnership, or operating agreement, and/or an investment management agreement, as applicable (collectively, the “Governing Documents”). Summit House offers the same and different suites of services to its Clients. Specific Client investment strategies and their implementation are dependent upon the Client’s investment objectives. Investors in the Funds (“Investors”) cannot generally place investment restrictions on the Firm and may not tailor Summit House’s advisory services to their individual needs.

Please see Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss) for more information.

### **Regulatory Assets Under Management**

As of December 31, 2022, Summit House managed approximately \$157,429,408million of advisory assets, all of which were on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Advisory Fees**

Below is a summary of how the Adviser is compensated in connection with providing advisory services to its Clients. Summit House is entitled to enter into side letter agreements with some Investors in the Funds varying the terms of their investment, including lower fee arrangements. Current and prospective clients should carefully review all fees charged by the Firm. Different fees are charged to different Clients and Investors, and fees can be waived, rebated, or reduced for certain Clients and Investors.

*Management Fees.* Subject to the terms of governing documents, generally Summit House charges each Fund an annual management fee (the “Management Fee”) of 1.5% of such limited partner’s capital commitment, payable in quarterly installments in advance commencing on the initial closing and on the first day of each fiscal quarter thereafter. Installments of the Management Fee payable for any period other than a full quarter shall be adjusted on a pro rata basis according to the actual number of days in such period. The annual Management Fee shall be an aggregate amount, calculated with respect to each limited partner, equal to (i) until the last day of the investment period, 1.5% of such limited partner’s capital commitment, and (ii) thereafter, 1.5% per annum of the aggregate amount of capital contributions in respect of Investments that have not been disposed of, plus any Interim Financing amounts, minus the aggregate amount of any permanent write downs required in respect of such Investments, in each case as determined of the first day of the period with respect to which a determination is being made. Calculations of the Management Fee shall be made as of the first day of the period for which the Management Fee is being paid, and any adjustments to the Management Fee to reflect a sale or other disposition, or to reflect an investment or other acquisition, during such period shall be made at the end of the relevant quarter and shall reduce, or increase (as applicable), the Management Fee payable for such successive quarterly period.

In terms of performance-based fees, 20% of the Funds’ net investment proceeds are allocated to the capital account of an affiliate of the Adviser as “carried interest.” Carried interest will be subject to certain adjustments and reserves as stated in more detail in each Fund’s offering documents. Except under certain limited circumstance, Summit House’s fees are generally not negotiable.

### **Managed Accounts**

The Adviser’s fees and compensation for separate account advisory services are governed by the terms and conditions of each agreement. Each such agreement is individually negotiated, and therefore fees and compensation vary greatly between them.

### **Other Fees and Expenses**

Expenses described below are general in nature and not intended to be exhaustive. In addition to the Management Fee and incentive allocation described above, Investors are subject to the following expenses associated with their investments in the Fund:

(a) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligence (including expert network or due diligence calls and any subscriptions to periodicals or databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, portfolio companies and the Fund’s actual and potential investments (including follow-on investments and refinancing) or seeking to do any of the foregoing (including any

associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith, any associated fees and expenses related to subscriptions to periodicals or databases and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful, and including (for avoidance of doubt) any broken deal expenses;

(b) indebtedness of, or guarantees made by, the Fund, the Adviser, the general partner or any affiliate on behalf of the Fund (including any credit facility, letter of credit, margin or similar credit support), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee;

(c) financing, commitment, origination and similar fees and expenses (including payments made in connection with lines of credit, swaps and other forms of leverage);

(d) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services;

(e) brokerage, sale, custodial, depository (including a depository appointed pursuant to the AIFMD or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule or regulation relating to the implementation thereof), trustee, record keeping, account and similar services;

(f) legal, accounting, research, auditing, administration (including fees and expenses associated with any third-party administrator and administration, tracking or reporting software or third-party service providers), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies, and other similar consultants), tax and other professional services;

(g) reverse breakup, termination and other similar fees;

(i) filing, title, transfer, registration and other similar fees and expenses;

(j) printing, communications, marketing and publicity;

(k) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, schedule K-1s, other communications with partners, or any other administrative, compliance or regulatory filings or reports, including fees and costs of any third-party service providers (other than affiliates of the general partner) and professionals related to the foregoing;

(l) compliance with the requirements of the AIFMD, as implemented in any relevant jurisdiction and including any secondary legislation, regulations, rules and/or associated guidance, and any related requirements;

(m) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Investors;

- (n) any activities with respect to protecting the confidential or non-public nature of any information or data;
- (q) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of discovery related thereto and any judgment, other award or settlement entered into in connection therewith;
- (r) any annual Investor meeting or other periodic, if any, meetings of the Investors, and any periodic executive forum of portfolio company management and other persons;
- (t) the termination, liquidation, winding up or dissolution of the Fund;
- (w) complying with any law, regulation or policy related to the activities of the Fund (including any legal fees and expenses related thereto, any regulatory expenses of the general partner incurred in connection with the operation of the Fund and any costs and expenses related to compliance with any environmental, social and governance investor considerations and policies of the general partner or the Fund);
- (x) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded;
- (y) any third-party experts, including independent appraisers, engaged by or on behalf of the general partner (to the extent the general partner deems such an engagement advisable under the circumstances) in connection with the Fund considering, making or holding an investment;
- (z) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities;

For more information regarding expenses associated with investing in the Funds, please refer to applicable offering materials and governing documents of each Fund.



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

We receive performance-based compensation from certain Clients. Our affiliate, Summit House GP, LLC (the “General Partner”), receives a performance-based compensation (“Performance Allocation”) from the Fund as profit-sharing allocations. **Performance Allocation:**

One of the Adviser’s affiliated may be entitled to receive carried interest distributions from the Funds. The carried interest distribution is effectively equivalent to 20% after 8.0% preferred return.

Carried interest distributions could motivate Summit House to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Summit House generally attempts to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return when applicable.

## **Item 7 Types of Clients**

As discussed in *Item 4 – Advisory Business* of this Brochure, Summit House currently provides investment management services, as an investment adviser to private pooled investment vehicles and managed accounts. Investors in the Fund may include high net worth individuals and other institutional investors meeting the terms of the exceptions and exemptions under which the Fund operates. Although we have the authority to accept subscriptions for a lesser amount, the required minimum investment in the Funds is generally \$1,000,000. Please review the Fund offering documents for more information pertaining to investor suitability. As of the date of this Brochure, Summit House does not have a set minimum to open a Managed Account.

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

Investing in securities involves risk of loss that Clients should be prepared to bear.

### **Investment Strategies**

Summit House is focused on stressed, middle market credit, including syndicated credits that have between \$100mm to \$500mm of overall tradeable market value. We believe that this is the least competitive part of the overall corporate credit market as size and liquidity preclude large asset managers from participating. The strategy is a long-biased approach of owning short duration credits where we believe the market has created a mispricing and Investors should expect par recovery while collecting the coupon.

\* \* \* \* \*

The methods of analysis and investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment objective and strategies of each, please carefully review its applicable governing documents.

### **Certain Risk Factors**

**Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. There can be no assurance that Clients will achieve their investment objectives or that investments will be successful or profitable. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments fluctuates due to market conditions and other factors. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that Summit House's investment strategies and services are low risk or risk free. The investment decisions made, and the actions taken for Clients accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Clients accounts is not indicative of future performance. Investors and advisory Clients are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular Client account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which Client accounts may invest. The following risks may apply to strategies managed by Summit House:**

- *Market Conditions.* Developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of market turmoil and the overall weakening of the financial services industry, the Clients, its prime broker(s) and other financial institutions' financial condition may be adversely affected, and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Clients' business and operations. Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Clients' ability to achieve its investment objective with respect to any particular investment and/or the Clients' entire portfolio, which could have a material adverse effect on the Fund's overall return objectives.

- *Interest Rate Fluctuations.* The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the Clients of borrowed securities and leveraged investments.
- *High Yield, Low or Unrated Securities.* The Clients may invest in “high yield” bonds and preferred stock or unrated debt securities which are unrated or rated in the lower categories by the various credit rating agencies. Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because Investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.
- *General Credit Risks.* The Clients may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the Clients may invest in subordinate or second priority liens). There is no assurance that the Clients will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Clients have an investment, the Clients may lose all or part of the amounts advanced to the borrower. The Clients cannot guarantee the adequacy of the protection of the Clients’ interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Clients cannot assure that claims may not be asserted that might interfere with enforcement of the Clients’ rights. In the event of a foreclosure, the Clients or an affiliate of the Clients may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Clients. Any costs or delays involved in the effectuation of a foreclosure of the loan, or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.
- *Lower Credit Quality Loans.* There are no restrictions on the credit quality of the Clients’ loans. Loans invested in by the Clients may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans in which the Clients may invest may have large uncertainties or major risk exposures to adverse conditions and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans. In certain instances, loans may lack liquid markets.

- *Equitable Subordination.* Lenders to companies operating in workout modes or under Chapter 11 of the Bankruptcy Code are, in certain circumstances, subject to certain potential liabilities. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.
- *Fraud.* Of paramount concern in purchasing loans is the possibility of material misrepresentation or omission on the part of borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Clients to perfect or effectuate a lien on the collateral securing the loan. The Clients will rely upon the accuracy and completeness of representations made by borrowers to the originator of such loans to the extent reasonable but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Clients may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.
- *High Yield/High Risk Securities.* The Clients may invest in securities which are rated below investment-grade (hereinafter referred to as “lower rated securities”) or which are unrated but deemed equivalent by the Investment Manager to those rated below investment-grade. These instruments generally offer a higher yield to maturity than that available from higher grade issues, but typically involve greater risk. Lower rated and unrated securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of these instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of these securities especially in a market characterized by only a small amount of trading. Perceived credit quality in this market can change suddenly and unexpectedly and may not fully reflect the actual risk posed by a particular lower rated or unrated security.
- *Complexity of Legal and Financial Analysis.* The companies in which the Clients may invest, by the nature of their leveraged capital structures, may involve a high degree of financial risk, and there can be no assurance that the Clients’ rate of return objectives will be realized or that there will be full recovery of the Limited Partner’s capital contributions. Moreover, there may be no centralized source for pricing information regarding securities of companies in which the Investment Manager intends to invest. Reliable pricing information may at times not be available from any source and, to the extent available, prices quoted by different sources are subject to material variation. Accordingly, it may be difficult to accurately determine an appropriate purchase price for the Clients’ investments.
- *Bank Debt, Trade Claims and other Senior Securities.* Loans and other securities at the most senior part of the capital structure have increasingly become packaged for resale, allowing an investor to buy senior securities from a bank or directly from a corporation, or in the secondary market.

- *Capital Structure Arbitrage.* The Investment Manager may seek opportunities created by differential pricing of various instruments issued by one corporation, such as traditional bonds and convertible bonds or equity. Convertible bonds are convertible into shares of equity, and this stock-option component has a calculable value. The theoretical value of the whole instrument is the value of the traditional bonds plus the extra value of the option feature. If the difference between the convertible and the non-convertible bonds becomes excessive, then the Investment Manager may take a position in the expectation that such spread will converge. Similarly, there may be value discrepancies between traditional bonds and equities.
- *Unsecured and Subordinated Investments.* Although the Clients will emphasize secured and senior obligations, distressed securities purchased by the Clients will be subject to certain additional risks to the extent that such securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such securities may not be protected by financial covenants or limitations upon additional indebtedness.
- *Reportable Positions.* The Clients may obtain a position in any public company that requires it to make filings concerning its holdings with the Securities and Exchange Commission (the “**SEC**”) and may become subject to other regulatory restrictions that could limit the ability of the Clients to dispose of its holdings at the times and in the manner the Clients would prefer. Violations of these regulatory requirements could subject the Clients to significant liabilities.
- *Suspensions of Trading.* Each securities exchange typically has the right to suspend or limit trading in all securities which it lists. Such a suspension involving securities owned by the Clients would render it impossible for the Clients to liquidate positions and, accordingly, could expose the Clients to losses.
- *Regulatory Risks of Investment Funds.* The regulatory environment for investment funds is evolving and changes therein may adversely affect the ability of the Clients to obtain the leverage they might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Clients. The effect of any future regulatory or tax change on the Fund is impossible to predict. Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. The U.S. Dodd Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) may impact the Clients through increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies, such as the newly created Financial Stability Oversight Counsel. However, as many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective, it is difficult to predict the impact of the Dodd-Frank Act on the Clients, and the markets in which it trades and invests. The Dodd-Frank Act could result in certain investment strategies in which the Clients engage or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the act could have a material adverse impact on the profit potential of the Clients.
- *Market Disruptions.* The Clients may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact

that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Clients from banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Clients. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Clients and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Clients to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Clients to close out positions.

### **Fund Risks**

- *Investment Judgment; Market Risk.* The profitability of a significant portion of the Clients' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Clients, there is always some, and occasionally a significant, degree of market risk.
- *Reliance on Key Person.* The Clients will be substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal's interest in the Investment Manager, the business of the Clients may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Clients' business. However, the Principal may engage in various other business activities in addition to managing the Clients, and consequently may not devote all time to Clients business.
- *Investment Authority.* Substantially all decisions with respect to the management of the Clients are made by the General Partner and the Investment Manager. Limited Partners have no right or power to take part in the management of the Clients. In the event of the withdrawal or bankruptcy of the General Partner, generally the Clients will be liquidated.
- *Performance Allocation.* The Performance Allocation made to the Performance Allocation LP may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation.
- *Withdrawal Restrictions.* There are severe restrictions on withdrawals from the Clients (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Clients is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

- *In-Kind Distributions.* There can be no assurance that the Clients will have sufficient cash to satisfy withdrawal requests or will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, a Limited Partner may receive in-kind distributions from the Clients' portfolio.
- *No Distributions.* Since the Clients do not generally intend to pay distributions, an investment in the Clients is not suitable for Investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Clients, even though no cash is distributed by the Clients.
- *Diversification.* Since the Clients' portfolio will not necessarily be widely diversified, the investment portfolio of the Clients may be subject to more rapid changes in value than would be the case if the Clients were required to maintain a wide diversification among companies, securities and types of securities.
- *Valuations.* From time to time, certain situations affecting the valuation of the Clients' investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Clients) could have an impact on the net asset value of the Clients, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Clients are not required to make retroactive adjustments to prior subscription or withdrawal transactions, or Management Fees or Performance Allocations based on subsequent valuation data.
- *Non-Public Information:* From time to time, the Investment Manager may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit the Investment Manager's flexibility to buy or sell portfolio securities issued by such companies. The Clients' investment flexibility may be constrained as a consequence of the Investment Manager's inability to use such information for investment purposes.
- *Soft Dollars.* The Investment Manager may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Investment Manager will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Investment Manager will use the research and services in making investment decisions for the Clients, the Investment Manager may use such research or services for other accounts and the Clients will generally pay more than the lowest available commissions for execution of these transactions. The Investment Manager may also enter into "soft dollar" arrangements to cover Clients' expenses or costs and expenses of the Investment Manager to the extent such arrangements are permitted by law. See "*Brokerage and Custody.*"
- *No General Partner's Liability Beyond Fund Assets.* Subject to the General Partner's fiduciary responsibility to the Limited Partners, the General Partner will have no personal liability to the Partners for the return of any capital contributions, it being understood that any such return shall be made solely from the Clients' assets.
- *Absence of Registration.* While the Clients may be considered similar to an investment company, it is not required and does not intend to register as such under the Investment Company Act of



1940, as amended (the “**Investment Company Act**”), or the laws of any country or jurisdiction and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other person and to be clearly marked to identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) are not applicable. *Prime Brokers and Custodians.* The Clients will rank as an unsecured creditor to each of its prime brokers in relation to assets that each such prime broker borrows, lends or otherwise uses and, in the event of the insolvency of a prime broker, the Clients might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash that a prime broker holds or receives on the Clients’ behalf may not be treated by the prime broker as client money, may not be segregated from the prime broker’s own cash and may be used by the prime broker in the course of its investment business. In such event, the Clients will rank as the prime broker’s general creditor. Because assets of the Clients held by custodians or brokers are generally not held in the Clients’ name, a failure of any such custodians or brokers is likely to have a greater adverse impact on the Clients than if such assets were registered in the Clients’ name. Rule 15c3-3 under the Exchange Act requires a broker-dealer to segregate a customer’s securities. If the broker-dealer fails to do so, the Clients may be subject to a risk of loss of the assets held by the broker-dealer in the event of the broker-dealer’s bankruptcy. In the event of a failure of a broker-dealer used by the Clients, the United States Securities Investor Protection Corporation provides a maximum of \$500,000 of account insurance, only \$100,000 of which may be taken in cash. Since the Clients’ assets on deposit will exceed these amounts, the Clients may receive only a pro rata share of the remaining assets deposited with the failed broker-dealer.

- *Regulation.* Regulation of securities markets has undergone substantial change in recent years and is expected to continue to change. There can be no assurance that the Investment Manager will be able, for financial reasons or otherwise, to comply with future laws and regulations.
- *Relevant Laws.* Amendments to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental, as well as self-regulatory, scrutiny of the “hedge fund” industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the U.S. Congress and the SEC, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Clients, the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future.
- *Financial Markets and Regulatory Change.* The hedge fund industry is subject to regulatory scrutiny and risks relating to uncertainty in the credit markets. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the “hedge fund” industry in general. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Clients’ activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Clients.

- The Clients or the Investment Manager may be or may become subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures have been adopted in certain jurisdictions, including restrictions on short selling of certain securities in the US, the UK and certain other jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, have heightened the risks associated with the investment activities and operations of hedge funds, including without limitation, those resulting from a substantial reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity, an increased risk of insolvency of prime brokers and other counterparties, and regulatory changes that may have an adverse effect on hedge funds generally, and in particular, on the Clients' ability to achieve their investment objective. The hedge fund industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory, or governmental action and developments such financial markets and the broader U.S. economy could have an adverse effect on the Clients' business, operations and performance.
- *Regulatory and Legal Changes in Financial Crisis.* Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Clients. The regulatory environment for hedge funds, derivatives transactions and the financial services industry in general is evolving, and changes in the regulation may adversely affect the value of investments held by the Clients and the ability of the Clients to obtain leverage. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, the CFTC, other regulators and self-regulatory organizations are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Clients could be substantial and adverse.
- Amendments to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the U.S. Congress and the SEC or CFTC, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Clients, the General Partner, the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future.
- Regulation of securities markets has undergone substantial change in recent years and is expected to continue to change. There can be no assurance that the General Partner or Investment Manager will be able, for financial reasons or otherwise, to comply with future laws and regulations.
- *Cybersecurity Considerations.* The Investment Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly,

the Investment Manager may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's or the Clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm the Investment Manager's or the Clients' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- *Force Majeure.* Advisory Clients' investments may be affected by force majeure events (i.e. events beyond the control of the party claiming that the event has occurred, including without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes government macroeconomic policies, social instability). Some force majeure events may adversely affect the ability of any such parties to perform their obligations until they are able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally.

## Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which Summit House or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of Summit House's advisory business or management. There are no reportable material legal or disciplinary events related to Summit House or any of its supervised persons. In the ordinary course of Summit House's business, Summit House, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations ("SRO").

## **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. As discussed in Item 6, the Adviser is entitled to receive performance-based fees from the Funds. 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 were not in effect. However, as noted in Item 11, the Adviser has adopted 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 the Funds in a manner that is consistent with its fiduciary duties to its clients. The Adviser has no other relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its client.

D. The Adviser does not recommend or select other investment advisers for the Funds.

## Item 11 Code of Ethics

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 U.S. Investment Advisers Act of 1940, as amended (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 ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading of certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

The Adviser has established procedures in its Code to prevent the improper use of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information. Adviser will provide a copy of the Code to any investor or prospective investor upon request.

B. Affiliates of the Adviser serve as the general partners to the Funds, which issue partnership interests to third party Investors. In addition, as set forth under “Transactions with Limited Partners” below, the Advisor and its related persons from time to time recommend to the Funds, or buy or sell for the Funds, investments in which the Adviser or any related persons have a material financial interest.

C. The Principals and other members of the management team make significant capital commitments in each Fund. Such amounts may be invested pro rata with the limited partners of each Fund in all Fund portfolio investments. The Principals from time-to-time purchase securities alongside the Funds, including any co-investment vehicles. In addition to complying with certain restrictions in the Offering Documents, the Adviser has policies and procedures in place to address any material conflicts of interest that may arise by disclosing them first to the CCO for review.

**Approach to Other Potential Conflicts:** Various parts of this Brochure discuss potential conflicts of interest that arise from Summit House’s asset management business model. Summit House discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, Summit House owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between Summit House and Clients; or between its employees and its Clients. Where potential conflicts arise, Summit House will take steps to mitigate, or at least disclose, them. Conflicts that Summit House cannot avoid (or chose not to avoid) are mitigated through written policies that Summit House believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, Summit House believes that it has handle these conflicts appropriately. These interactions are not static; Summit House’s business is continually evolving and changes in Summit House’s activities can lead to new potential conflicts. Summit House reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

## Item 12 Brokerage Practices

As a general rule, Summit House has complete discretion in deciding which broker-dealers to use. In selecting broker-dealers and determining the reasonableness of their commissions for our Clients' transactions, we seek to obtain best execution by taking into account any combination of the following factors:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are affected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker;
- the Firm's risk in positioning a block of securities;
- the quality, comprehensiveness and frequency of available research services considered to be of value; and
- the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

We are not required to weigh any of the above factors equally. We need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Since commission rates are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. Our Clients bear the brokerage commissions and other charges related to its investment transactions.

**Research and Soft Dollar Benefits:** Currently we do not maintain soft dollar accounts or soft dollar benefit. However, in the future, should we receive research products or other soft dollar benefits from brokers we will ensure they fall within the safe harbor established by Section 28 (e) of the Securities Exchange Act of 1934, as amended.

**Brokerage for Client Referrals:** We may consider investor referrals in selecting broker-dealers. At times, we may have an incentive to select a broker-dealer based on our interest in receiving referrals, rather than on our Clients' interest in receiving most favorable trade execution.

Although the Clients are managed by the same team of investment professionals, the expected risk and return profile for each may differ and in certain cases investment opportunities may be offered to one Client and not to other Clients. Where an investment opportunity is suitable among one or more Client, we may aggregate Clients' trades when such aggregation is expected to be in the best interest of all participating Clients. Such aggregation may enable Summit House to obtain a more favorable price or better commission rate or otherwise reduce transaction costs for Clients. Participating Clients in a block trade on a pro rata basis must receive the average price and pay proportional share of any commission.

Furthermore, as a general rule, Summit House receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, Summit House's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are affected. In making decisions as to which securities are to be bought or sold and the amounts thereof, Summit House is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless Summit House and the Client have entered into a non-discretionary arrangement, Summit House generally is not required to provide notice, to consult with, or to seek the consent of its Clients prior to engaging in transactions.

**Directed Brokerage:** Summit House has no affiliation with any broker-dealer. Summit House determines the broker-dealers to be used to execute securities transactions on behalf of the Funds and does not routinely recommend, request or require that its Clients direct Summit House to execute transactions through a particular broker-dealer.

**Aggregation of Transactions:** In some circumstances, Summit House may seek to buy or sell the same securities contemporaneously for multiple Client accounts. Summit may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients but are not required to do so. In particular, Summit House may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if Summit House determines that aggregation is not practicable, not required or inconsistent with Client direction. When transactions are aggregated, and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage any particular Client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all Client accounts seeking the investment opportunity or a Client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable Client to participate in the opportunity.

**Allocation of Investment Opportunities:** It is Summit House's general policy to allocate investments among its Clients in a manner which it believes to be in a fair and equitable manner under the circumstances based upon various factors deemed relevant by Summit House including, without limitation, investment objectives, guidelines and restrictions applicable to the Client, Client risk profiles, financial condition and tax status. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to Summit House; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to the company or any employee of Summit House or to induce future services or benefits to be rendered to Summit House or any employee of Summit House.

Summit House's policy, where an opportunity to purchase or sell an investment is appropriate for more than one Client, is to aggregate Client orders when doing so is likely to result in a better overall price or reduced cost for the Client trade. Consistent with its fiduciary duties, Summit House allocates trades to its Clients on an equitable basis as set forth in this policy. Each Client who participates in an aggregated order participates at the average price with all transaction costs shared on a pro rata basis pursuant to these written procedures. If all investment orders placed for Client accounts cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among Client accounts a manner Summit House deems to be equitable, taking into account the size of the order placed for each account and any other relevant factors.



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

Our Chief Investment Officer engages in active management and frequent transactions on behalf of our Clients and, accordingly, reviews our transactions, positions, and cash balances on a daily basis. We have engaged an outside administrator to prepare monthly unaudited reports reviewing the Clients' performance for such month. These reports are distributed to Fund Investors. Additionally, audited financial reports prepared by independent auditors are distributed to the Fund's Investors on an annual basis.

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

### **Solicitation, Introduction or Placement Arrangements**

From time to time, Summit House may compensate certain affiliated and unaffiliated persons or entities for referrals or introductions to Summit House or placements of interests in the Clients, in compliance with applicable law, including circumstances where, in connection with discrete advisory transactions, Summit House will pay or split a portion of the fees with an unaffiliated third-party for assisting in obtaining a specific Client. The material terms of such arrangements will be disclosed to relevant Clients or Investors. The name of the third-party providing the services will also be disclosed to each relevant Client that is the subject to such solicitation services, along with the nature of any affiliation between the third-party and Summit House.

## **Item 15 Custody**

While it is our practice not to accept or maintain physical possession of the Fund's assets, we are deemed to have custody of its assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because the adviser or related general partner has authority to withdraw funds or securities from the Fund. In order to comply with Rule 206(4)-2, we utilize the services of a qualified custodian (as defined under Rule 206(4)-2) to hold all of the Fund's assets. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit the Fund at the end of each fiscal year and (2) distribute the audited financial statements that are prepared in accordance with U.S. generally accepted accounting principles to all Investors within 120 days after the end of the fiscal year.

## **Item 16 Investment Discretion**

As a general rule, Summit House receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, Summit House's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are affected.

## **Item 17 Voting Client Securities**

### **Securities held in Client Accounts**

We have the authority to vote Clients' securities and have implemented proxy voting policies and procedures in accordance with securities laws and our fiduciary obligations. We will review each proxy statement on an individual basis and vote exclusively with the goal to best serve the financial interests of our Clients. We will consider each proxy on its own merits and will make an independent determination whether to support or oppose management's position. We believe the recommendation of management should be given substantial weight but will not support management proposals that may be detrimental to the underlying value of the Client's positions. Upon request, our Clients and Investors can obtain a copy of our proxy voting policies and procedures and information regarding how the Firm has voted proxies on behalf of the Clients.

### **Conflicts of Interest**

Summit House's Chief Compliance Officer is responsible for monitoring and resolving possible material conflicts with respect to proxy voting. Because the Guidelines are pre-determined and designed to be in the best interests of shareholders, application of the Guidelines to vote Client proxies should, in most cases, adequately address any possible conflicts of interest. A conflict of interest may exist, for example, if Summit House has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. In addition, any portfolio manager with knowledge of a personal conflict of interest (i.e., a family member in a company's management) relating to a particular referral item shall disclose that conflict to the Chief Compliance Officer and may be required to recuse himself or herself from the proxy voting process. Issues raising possible conflicts of interest may be referred to the Chief Compliance Officer for resolution. If the Chief Compliance Officer does not agree that the portfolio manager's rationale is reasonable, the Chief Compliance Officer will refer the matter to the Investment Committee to vote the proxy. If a matter is referred to the Investment Committee the decision made and basis for the decision will be documented by the Chief Compliance Officer.

## **Item 18 Financial Information**

Summit House has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Clients and has not been the subject of a bankruptcy proceeding during the past ten years.