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Form ADV, Part 2A - Firm Brochure

April 4, 2023

This Brochure provides information about the qualifications and business practices of Preserver Partners, LLC (the "Firm"). If you have any questions about the contents of this Brochure, please contact us by telephone at (901) 755-4737 or by e-mail at investorrelations@preserverpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. The Firm is a registered investment adviser. The term "registered investment adviser" reflects the Firm's registration with the SEC and does not imply a certain level of skill or training.

Additional information about the Firm is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

The following material changes have occurred since the Firm's last update of the Brochure filed February 27, 2023

Due to the death of Preserver's Founder and former Chief Investment Officer, Dr. Floyd Tyler, the Firm has a change in control. Dana Pointer, CEO & Chief Compliance Officer, is Preserver's principal owner.

The Firm hired Caroline Lovelace in March 2023 to serve as Preserver's Chief Investment Officer and Co-Portfolio Manager. Caroline leads the Firm's investment team overseeing all investments for the Firm's managed portfolios, focusing on portfolio construction, manager selection and risk management.

John "Mick" Clowers, previously named Interim Chief Investment Officer, is resuming his role as Director of Investment Research. In addition, he also now serves as Co-Portfolio Manager to the Firm's managed portfolios. In such roles, Mick focuses on manager due diligence, investment monitoring and portfolio construction.

Item 3. Table of Contents

Item 4. Advisory Business

The Company

Preserver Partners, LLC ("Preserver" or the "Firm") is an independent investment management firm based in Memphis, Tennessee. Preserver is a Tennessee limited liability corporation that was organized in July 2009 and has been providing investment management services since 2010. The Firm's principal owner is Dana Pointer, Chief Executive Officer and Chief Compliance Officer.

Advisory Services

Preserver provides discretionary advisory services to privately offered pooled investment vehicles ("private funds"), a separately managed account ("Separate Account" or "SMA") and a registered investment company (the "mutual fund"); the private funds, SMA and the mutual fund collectively are referred to herein as the "Funds", "Clients" or "Client Accounts" and individually as a "Fund", "Client" or "Account". Preserver serves as General Partner to the private funds and as Adviser to the SMA and mutual fund. The Funds currently offer strategies across asset classes, which seek current income and capital appreciation with low volatility compared to equity and fixed income markets.

This Brochure should not be considered an offering document for the private funds and investors should refer to the private funds' offering memorandum for complete descriptions of the Funds, including their strategies, risks, conflicts of interest, and expenses.

Preserver tailors its investment advisory services for the private funds and the mutual fund to its overall investment strategy program, and not to the needs of any underlying investor therein. The SMA's investment objectives, guidelines and fee arrangements are individually negotiated and set forth in the client's Advisory Agreement. SMA clients may impose restrictions on investing in certain securities or types of securities. SMAs generally require significant account minimums.

Portfolios for Funds managed by Preserver may include but are not limited to investments (domestic and foreign) in common stock, preferred stock, convertible securities, real estate investment trusts, alternative investments, private placement securities, private funds, registered investment companies, and structured products.

The private funds are exempt from registration as an investment company under Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Company Act").

Preserver does not participate in any wrap fee program.

Assets Under Management

As of February 28, 2023, Preserver's managed regulatory assets under management are approximately $257,764,858 on a discretionary basis. Preserver does not manage assets on a non-discretionary basis.

Item 5. Fees and Compensation

Preserver receives an asset-based management fee for its advisory services. The fees vary across the Funds.

Private Fund Fees

The fees applicable to Preserver's private funds are set forth, in detail, in the funds' governing documents (Private Offering Memorandum). Fund investors generally pay a management fee to Preserver (the "Management Fee") that accrues monthly in the Fund, equal to an annual rate ranging between 0.50% and 1.00% of net assets. Management Fees are payable quarterly in arrears and deducted directly from the investors' assets then paid to the Firm. Investors in private funds pay no Incentive Fee to Preserver.

SMA Fees

The fees applicable to Preserver's SMA are set forth, in detail, in the Advisory Agreement. The Management Fee for Preserver's current SMA is equal to an annual rate of 0.50% of net assets. Fees are billed and deducted by Preserver from the client's brokerage account quarterly. The SMA client pays no Incentive Fee.

Mutual Fund Fees

The management fees applicable to the mutual fund are set forth, in detail, in the fund's prospectus. Mutual fund investors generally pay a management fee of 0.75%. The Firm has contractually agreed to waive its management fee and/or reimburse expenses so that the fund's total annual operating expenses do not exceed 1.35% of the fund's average daily net assets through December 31, 2023. Investors pay management fees on the net asset value of their investment. Management fees are paid directly from the investor's investment and paid to Preserver by the fund's administrator on a monthly basis. See the Fund Prospectus for additional information. Investors in the mutual fund do not pay an Incentive Fee.

Preserver may, in its sole discretion reduce, waive or calculate differently the Management Fee for a given period for a particular investor in the SMA and private funds. For example, Preserver may negotiate its Management Fee because of a client's asset level in a portfolio or a client's specific situation. Preserver may enter into side letters or similar agreements with certain investors in the private fund, granting such investor specific rights, benefits or privileges. Preserver's investors do not pay Management Fees in advance.

Management fees are exclusive of brokerage commissions, custodial fees, transaction fees, and other investment related costs and expenses. Broker-dealers executing trades generally charge a brokerage commission on equity securities and a markup or markdown on fixed income securities. Although there is no formal brokerage expense on fixed income securities, the Funds will incur the implicit trading costs reflected in the broker-dealer spreads. In addition to brokerage commissions, the Funds may be subject to costs and expenses that include, but are not limited to, custodial fees, trading costs, research related expenses, legal expenses, tax and audit fees, and administrative fees, as described in greater detail in each Fund's governing documents. Additional information regarding the factors that Preserver considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation is described below in *Item 12 - Brokerage Practices*.

Neither the Firm nor its officers, directors or employees ("supervised persons") accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Neither Preserver nor any of its supervised persons receive performance-based fees. None of Preserver's funds are subject to performance-based fees.

Item 7. Types of Clients

Preserver provides investment management services to pooled investment vehicles, an SMA and a registered investment company. The limited partners of private funds, SMA clients and shareholders of the Funds include, but are not limited to, the following categories: individuals (accredited and non-accredited investors), foundations and endowments, public and private retirement plans, trusts, IRAs, family offices, and corporations.

Preserver's private funds are offered in the United States and limited to "accredited investors" as defined under Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and therefore not required to register as investment companies under the Investment Company Act in reliance upon the exemption under Section 3(c)(1) for funds whose securities are not publicly offered.

Investments in Preserver's private funds generally require a minimum investment, ranging from $50,000 to $250,000. The execution of an SMA Advisory Agreement depends upon the prospective client's investment objectives and portfolio size. Investments in the mutual fund generally require a minimum investment of $2,000. The Adviser may accept lesser amounts, in its sole discretion.

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

Preserver's investment philosophy is to preserve capital and generate long-term absolute returns with low volatility and correlation to public markets. We seek to generate high current income and capital appreciation while providing downside protection through investment selection and risk-based portfolio construction. Preserver's investment process is primarily based on extensive research and focused on investing opportunistically across a variety of asset classes, strategies and capital structures through private funds, a public registered investment company and separately managed accounts (collectively, the "Funds").

Methods of Analysis

Preserver's method of analysis and fundamental framework to investing and managing its Funds is to apply a Qualitative Assessment, Valuation Assessment and Risk Assessment to sub-asset classes.

Qualitative Assessment

- Fact-finding review of the sub-asset class by researching articles, presentations, white papers, interviews, webinars, etc.;
- Determine 1) Why does opportunity exist, 2) Where are we in the cycle for the sub-asset class and 3) Why risk is mispriced; and
- Determine bull and bear case for sub-asset class.

Valuation Assessment

- Compare absolute and relative valuations to other sub-asset classes and to historical valuations;
- Determine if other factors may be depressing valuations;
- Review fund flow data;

- Determine key metrics of valuation changes such as declining default rates, price multiple expansion or yield volatility;
- Quantitative review of historical performance, statistical moments, downside statistics and attribution analysis; and
- Determine expected return profile including skewness, kurtosis and frequency of positive returns.

Risk Assessment

- Evaluate sub-asset class exposure to key risk factors such as interest rate risk, credit risk, equity risk, prepayment risk, and exposure to the broad economy and specific sectors;
- Evaluate sub-asset class exposure to idiosyncratic risks unique to the sub-asset class;
- Identify potential sources of risk mitigation; and
- Using covariance and scenario analyses, estimate diversification benefits of sub-asset class.

Investment Strategies

While comprehensive descriptions of the Funds' investment objectives and strategies are set forth in the Funds' governing documents and Advisory Agreements, a brief description of the investment strategies offered by the Firm is set forth below:

Opportunistic Income Strategy

The strategy offers a unique approach to contrarian value investing by investing strategically in diverse thematic investments where there are structural inefficiencies and tactically to capture temporary market dislocations. This strategy seeks to generate consistent risk-adjusted returns while minimizing the risk of loss. The global opportunistic approach seeks less efficient, under-followed sub-asset classes where risk is mispriced, emphasizing high current income and downside protection through thoughtful diversification and a risk-based portfolio construction with low volatility compared to equity and fixed income markets. The strategy pursues its investment objectives by principally investing in four major asset groupings: Equity, Fixed Income, Alternative Income, and Real Estate Debt and Equity. Risk is minimized through investment selection, risk- based portfolio construction, low correlation between investments and market indices, and defensive investments such as Treasuries, cash and investment grade bonds.

Preserver employs its opportunistic income strategy in private funds and the SMA with focused, hybrid portfolios where returns are generated through high current income and moderate capital appreciation, which may include some leverage. Preserver invests directly in individual securities and employs external investment managers ("Managers") to execute the investment objectives of the Firm's funds. Preserver determines the portion of the Funds' assets to be allocated to itself and to other Managers for investment ("Allocated Assets"). In identifying investments for Allocated Assets, Preserver focuses on an equity-like total return potential, current income potential of 2-3% for equity-focused strategies and 6-7% for other strategies, moderate correlation to fixed income markets as well as investment liquidity. In selecting Managers and their percentage of Allocated Assets, Preserver considers several factors; the alternative investment strategies employed by a particular Manager, including any regional, sector or style focus, the securities utilized to implement these strategies, the correlation of the performance, and the investment risks of these strategies and underlying holdings. The effect of existing and developing market conditions, economic and/or financial trends on the success of a Manager's investment strategies is also a factor in determining whether to employ a particular Manager and the percentage of Allocated Assets to delegate to that Manager.

Preserver employs its opportunistic strategy in the mutual fund by principally investing in equity and fixed income securities pursuant to a variety of alternative investment strategies. The alternative strategies employed are event driven, structured credit and tactical trading. These alternative investment strategies may be implemented by investing in pooled investment vehicles such as the common securities of exchange- traded closed-end funds and exchange-traded funds ("ETFs") and the common securities issued by hedge funds and private investment funds, as well as illiquid securities such as CLOs, loan participations and Private Funds. Illiquid investments are subject to a 15% maximum of the Fund's net asset value. In addition to the employment of alternative investment strategies, Preserver employs a fundamental long-only strategy involving the purchase of equity and fixed income securities that it believes are undervalued based on traditional fundamental analysis. Investments in U.S. Treasury securities or maintaining a portion of assets in cash may also be employed to partially offset a decline in the value of equity securities and/or the credit risk associated with fixed income securities held in the Fund.

Preserver integrates Environmental, Social and Governance ("ESG") considerations when conducting its evaluation of potential portfolio securities in the mutual fund using third-party data from Sustainalytics. First, Preserver uses negative screening to exclude companies that receive material revenue from alcohol, tobacco, firearms and defense products and services. Second, positive screening is used to identify companies that Preserver believes engage in, relative to their industry peers, superior performance in sustainable environmental practices, responsible resource management, and energy efficiency; socially responsible policies related to employee welfare, diversity and inclusion; or governance practices that align the interests of shareholders and management and emphasize a commitment to ESG disclosure. Preserver may only apply certain of its ESG criteria, or none, as appropriate, to a certain class of securities if it believes that the ESG criteria is partially or wholly inapplicable.

Risk of Loss

Although Preserver manages its Funds to maximize returns and reduce the risk of loss, based on the Firm's experience and research, the value of the Funds will depend on the performance of the underlying fund investments and securities in which they are invested. Investing in funds and securities involves risk of loss. Preserver does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Preserver cannot offer any guarantees or promises that a client's financial goals and objectives will be met.

The material risks set forth below are qualified in their entirety by more detailed risk disclosures in the applicable private fund and registered investment company's offering documents and advisory agreements.

Undervalued Securities

Preserver's investment strategies seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate for the business and financial risks assumed. Preserver may make certain speculative investments in securities, which it believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, a Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of a Fund's capital may be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

Equity and Equity Related Securities

Preserver may invest in equity and other equity related securities, which are subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. Equity securities include common stocks, preferred stocks, interests in real estate investment trusts, convertible securities of U.S. and foreign corporate issuers including equity securities of smaller companies, equity interests of trusts, partnerships, joint ventures, and stock purchase rights. The value of equity securities depends on business, economic and other factors affecting those issuers. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities, and such fluctuations may be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments may decline over short or extended periods.

Fixed Income Securities

Preserver may invest in fixed income securities including mortgage-backed securities (including collateralized mortgage obligations of U.S. issuers), asset-backed securities, municipal securities, and corporate debt securities of U.S. and foreign issuers; commercial paper, zero coupon securities, loan participations, and inflation-protected securities of U.S. issuers, U.S. Government Securities, foreign government securities, and U.S. short-term money market instruments.

<u>*Risks of fixed income securities*</u>

<u>*Credit Risk*</u> Changes in the ability of an issuer to make payments of interest and principal and in the markets' perception of an issuer's creditworthiness, will also affect the market value of that issuer's debt securities. The financial condition of an issuer of a fixed income security held in the Fund may cause it to default on interest or principal payments due on a security. This risk generally increases as security credit ratings fall.

<u>*Interest Rate Risk*</u> The market value of the interest-bearing debt securities held in the Fund will be affected by changes in interest rates. There is normally an inverse relationship between the market value of securities sensitive to prevailing interest rates and actual changes in interest rates. The longer the remaining maturity (and duration) of a security, the more sensitive the security is to changes in interest rates. All fixed income securities, including U.S. Government Securities, can change in value when there is a change in interest rates. As a result, an investment in the Fund is subject to price risk even if all fixed income securities in the Fund are paid in full at maturity.

<u>*Pre-Payment and Extension Risk*</u> Certain fixed income securities may be subject to extension risk, which refers to the change in total return on a security resulting from an extension of the security's maturity. Issuers may prepay fixed rate securities when interest rates fall, forcing the Fund to invest

in securities with lower interest rates. Issuers' fixed income securities are also subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors that may restrict the ability of the issuer to pay, when due, the principal of and interest on its debt securities. The possibility exists therefore, that, as a result of bankruptcy, litigation or other conditions, the ability of an issuer to pay, when due, the principal and interest on its debt securities may become impaired.

Credit Quality Risk Preserver generally invests in investment grade and non-investment grade fixed income securities. Fixed income securities are considered to be of investment grade quality if they are rated "Baa" or higher by Moody's Investor Service, Inc. ("Moody's") or "BBB" or higher by Standard & Poor's Corporation ("S&P"), or are unrated and are deemed to be of comparable quality by Preserver or a Manager ("Investment Grade Securities"), at the time of purchase.

Preserver may retain securities whose rating has been lowered (or that are unrated and determined by Preserver or a Manager to be of comparable quality to securities whose rating has been lowered below investment grade) if Preserver or a Manager determines that retaining such security is in the best interests of the Fund. Because a downgrade often results in a reduction in the market price of the security, the sale of a downgraded security may result in a loss.

Mortgage-Backed Securities The value of mortgage-backed securities may be significantly affected by changes in interest rates, the markets' perception of issuers, the structure of the securities, and the creditworthiness of the parties involved. The ability of a Fund to successfully utilize mortgage- backed securities depends in part upon the ability to forecast interest rates and other economic factors correctly. Some mortgage-backed securities have structures that make their reaction to interest rate changes and other factors difficult to predict. Prepayments of principal of mortgage- backed securities by mortgagors or due to mortgage foreclosures affect the average life of the mortgage-backed securities. The occurrence of mortgage prepayments is affected by various factors, including the level of interest rates, general economic conditions, the location and age of the mortgages, and other social and demographic conditions. In periods of rising interest rates, the prepayment rate tends to decrease, lengthening the average life of a pool of mortgage-backed securities.

In periods of falling interest rates, the prepayment rate tends to increase, shortening the average life of a pool. The volume of prepayments of principal on the mortgages underlying a particular mortgage-backed security will influence the yield of that security, affecting a Fund's yield. Because prepayments of principal generally occur when interest rates are declining, it is likely that a Fund, to the extent it retains the same percentage of fixed income securities, may have to reinvest the proceeds of prepayments at lower interest rates than those of their previous investments. If this occurs, a Fund's yield will correspondingly decline. Thus, mortgage-backed securities may have less potential for capital appreciation in periods of falling interest rates (when prepayment of principal is more likely) than other fixed income securities of comparable duration. A decrease in the rate of prepayments may extend the effective maturities of mortgage-backed securities, reducing their sensitivity to changes in market interest rates. To the extent that a Fund purchases mortgage-backed securities at a premium, unscheduled prepayments, which are made at par, result in a loss equal to an unamortized premium.

To lessen the effect of the failures by obligors on mortgage assets to make payments, CMOs and other mortgage-backed securities may contain elements of credit enhancement, consisting of either (1) liquidity protection or (2) protection against losses resulting after default by an obligor on the underlying assets and allocation of all amounts recoverable directly from the obligor and through liquidation of the collateral. This protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor from third parties, through various means of structuring the transaction or through a combination of these. A Fund will not incur any additional fees for credit enhancements for mortgage-backed securities, although the credit enhancement may increase the costs of the mortgage-backed securities.

High Yield Securities High yield bonds, commonly referred to as "junk" bonds, are highly speculative securities that are usually issued by smaller, less credit-worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business conditions of the corporation issuing these securities influence their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the high yield bond market may make it more difficult to dispose of high yield bonds and may cause securities to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value high yield bonds accurately during periods of market stress.

Asset-Backed Securities Like mortgages-backed securities, the collateral underlying asset-backed securities are subject to prepayment, which may reduce the overall return to holders of asset-backed securities. Asset-backed securities present certain additional and unique risks. Asset-backed securities typically have no U.S. government backing. Additionally, the ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Credit card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and Federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due. Automobile receivables are generally secured by automobiles. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and the technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. As a result, the risk that recovery on repossessed collateral might be unavailable or inadequate to support payments is greater for asset-backed securities than for mortgage-backed securities.

Loan Participations When purchasing loan participations, the portfolio assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary. The loan participations in which the portfolio may invest may not be Investment Grade Securities. A loan is often administered by an agent bank acting as agent for all holders. The agent bank administers the terms of the loan, as specified in the loan agreement. In addition, the agent bank is normally responsible for the collection of principal and interest payments from the corporate borrower and the apportionment of these payments to the credit of all institutions, which are parties to the loan agreement. Unless, under the terms of the loan or other indebtedness, the portfolio has direct recourse against the corporate borrower, the portfolio may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a corporate borrower. If assets held by the agent bank for the benefit of the portfolio were determined to be subject to the claims of the agent bank's general creditors, the portfolio might incur certain costs and delays in realizing repayment and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (*e.g.*, an insurance company or governmental agency) similar risks may arise. Investors in loan participations depend primarily upon the creditworthiness of the corporate borrower for payment of principal and interest. If the portfolio does not receive scheduled interest or principal payments on such indebtedness, the net asset value of the portfolio may decline. Loans that are fully secured offer the portfolio more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated. In the event of the bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a loan. Loan participations may not be readily marketable and may be subject to restrictions on resale. In addition, valuation of illiquid indebtedness involves a greater degree of judgment in determining the portfolio's net asset value than if that value were based on available market quotations and could result in significant variations in the portfolio's daily share price.

Derivatives

Preserver may engage in transactions involving derivatives including options, futures contracts, swaps, and other derivative securities (collectively, "Financial Instruments"). Derivatives are financial contracts, whose value depend on, or is derived from, the value of underlying assets, reference rate, or index. Preserver may also engage in forward contracts, also derivatives, which are further discussed in "Foreign Currency Transactions," and acquire rights/warrants issued in connection with common/preferred stock or bonds that it may hold.

Risks of Options, Futures and Other Strategies The use of Financial Instruments involves special considerations and risks, certain of which are described below.

Successful use of most Financial Instruments may depend upon the ability to predict movements of the overall securities markets, which requires different skills than predicting changes in the prices of individual securities. The ordinary spreads between prices in the cash and futures markets, due to the differences in the natures of those markets, are subject to distortion. Due to the possibility of distortion, a correct forecast of market trends may still not result in a successful transaction.

Options and futures prices can diverge from the prices of their underlying instruments. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect or no correlation also may result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, and from the imposition of daily price fluctuation limits or trading halts.

A Fund may be required to maintain assets as cover, maintain segregated accounts or make margin payments when it takes positions in Financial Instruments involving obligations to third parties (e.g., Financial Instruments other than purchased options). If the portfolio is unable to close out its positions in such Financial Instruments, it might be required to continue to maintain such assets or accounts or make such payments until the position expires or matures. These requirements might impair the portfolio's ability to sell a portfolio security or make an investment when it would otherwise be favorable to do so or require that the portfolio sell a portfolio security at a disadvantageous time. The portfolio's ability to close out a position in a Financial Instrument prior to expiration or maturity depends on the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the other party to the transaction (the "counterparty") to enter into a transaction closing out the position. Therefore, there is no assurance that any position can be closed out at a time and price that is favorable to the portfolio.

Financial Instruments may entail investment exposures that are greater than their cost would suggest, meaning that a small position in a Financial Instrument could have a large potential impact on the portfolio's performance. Losses may arise due to unanticipated market price movements, lack of a liquid secondary market for any particular instrument at a particular time or due to losses from premiums paid by the portfolio.

Private Fund

An investment in a private fund involves risk. Accordingly, an investment in such product is suitable only for persons of adequate financial means who have need for limited liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss of their investment. Preserver urges all prospective investors to discuss the risks described in a private fund's offering materials and other potential risks in detail with their professional advisors prior to making an investment decision.

Emerging Markets

Preserver's Funds may invest in markets worldwide, including emerging markets. Investments in emerging market securities involve a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information, more volatile markets, less liquidity or available credit, political or economic instability, less market regulation, less favorable tax or legal provisions, price controls and other restrictive governmental actions, a greater likelihood of severe inflation, unstable currency, and war and expropriation of personal and corporate property. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risk. In addition, a private fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities or restrictions on the ability to convert currency or to take currencies out of certain countries.

Illiquid Positions

As part of Preserver's investment strategies, Preserver may invest in illiquid, private placement securities, restricted securities, other debt instruments or securities with limited, if any, trading volume. Preserver's registered investment company is subject to a 15% maximum of the Fund's net asset value in illiquid securities. Illiquid securities carry the risk that a buyer may not be found for such securities. In addition, the lack of an established, liquid secondary market for such investments may have an adverse effect on the market value of the investments and on the ability to dispose of them. No assurance can be given that, if Preserver were to dispose of a particular investment, it could dispose of such investment at the previously prevailing market price. In addition, certain investments may have to be held for a substantial period of time before they can be liquidated at a reasonable price or, in some cases, at all.

Even in the case of more liquid securities, it may also not always be possible for Preserver to execute a buy or sell order at the desired price or to liquidate a position, either due to market conditions on exchanges and/or daily price fluctuation limits (in the case of futures, forward or options contracts). In addition, Preserver may not be able to execute trades at favorable prices, if there is limited liquidity.

ESG

Applying ESG criteria to the investment process may exclude securities of certain issuers for both investment and non-investment reasons and therefore the Fund may forgo some market opportunities available to funds that do not use ESG considerations or sustainability criteria. Securities of companies with certain focused ESG practices may shift in and out of favor depending on market and economic conditions, investor sentiment toward ESG investing and the Fund's performance may at times be better or worse than the performance of funds that do not use ESG or sustainability criteria.

Tax Implications

Preserver's strategies and investments may have unique and significant tax implications, including tax consequences specific to investments in non-U.S. investments. Tax efficiency is not the Firm's primary consideration in the management of the Funds' assets. Regardless of a client's investment size or any other factors, Preserver strongly recommends that clients regularly consult with a tax professional prior to and throughout the term of their investments.

Item 9. Disciplinary Information

Preserver has no legal or disciplinary events to disclose with respect to the Firm or its employees.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

Neither Preserver nor its management persons are a registered broker-dealer or registered representative of a broker-dealer, nor do either have any pending application to register as such.

Neither Preserver nor its management persons are registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. There are no pending applications to register as such.

Related Persons

Mutual Fund and Private Funds

Preserver is the adviser to the Preserver Alternative Opportunities Fund, an open-end investment company registered with the SEC under the Investment Company Act of 1940, as amended. The fund is a series of the Capitol Series Trust. Capitol Series Trust is sponsored by Ultimus Fund Solutions, LLC ("Ultimus").

Preserver is the General Partner to three private funds: Preserver, L.P., a Delaware limited partnership, Preserver Alternative Income Fund, L.P and Preserver CLO Fund, L.P., both Tennessee limited partnerships. The funds are exempt from registration pursuant to Section 3(c)(1) of Regulation D.

Preserver does not believe that the relationships with these entities cause a conflict of interest with clients.

Recommendation of Other Advisers

Preserver does not recommend or select other advisers for clients. Preserver does not receive direct or indirect compensation from advisers. Preserver does however make investments in funds managed by external investment managers as part of the Firm's investment approach and asset allocation. Preserver does not receive any compensation from external investment managers and thus these investments do not create a conflict of interest to clients.

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

Preserver has adopted a Code of Ethics (the "Code") for all supervised persons pursuant to SEC Rule 204A-1. The Code describes the Firm's high standard of business conduct and fiduciary duty to its clients. The Code is designed to ensure that personal securities transactions, activities and interests of the employees of the Firm do not interfere with (i) making decisions in the best interest of clients; and (ii) implementing such decisions while allowing employees to invest for their own accounts. All supervised persons at the Firm must acknowledge the terms of the Code annually, or as amended.

The Code addresses many areas, including the Firm's expectations regarding appropriate business conduct, confidentiality obligations, prohibition on insider trading, gift and corporate opportunity policies, restrictions on outside business activities, personal securities trading procedures, and procedures for charitable and political contributions.

Clients and prospective clients may obtain a copy of the Code of Ethics upon request to Preserver's Chief Compliance Officer at 425 Madison Avenue, Memphis, TN 38103 or by contacting the office at (901) 755- 4737.

Participation or Interest in Client Transaction

Preserver, as Adviser to a separately managed account, makes investments for such account in private funds in which the Adviser acts as General Partner. Such investment recommendations are part of the Adviser's asset allocation and investment approach per the SMA's Advisory Agreement. No additional management fees are received by the Adviser from these investments. Therefore, such investments do not pose a conflict of interest with client.

Preserver, as General Partner to the private funds, makes investments on behalf of Preserver, L.P. and Preserver Alternative Income Fund, L.P, in Preserver CLO Fund, L.P. Such investments are made as part of each private fund's investment strategy allocation. Preserver CLO Fund, L.P. does not charge a management fee. Therefore, there is no conflict of interest to the other private funds.

Personal Trading

The Firm's Access Persons are generally prohibited from investing on behalf of themselves in individual private funds or other investments that are pending or being considered for clients (as well as related securities, e.g., warrants, options or futures) (collectively, "restricted securities"). Where a Supervised Person already holds a position in a restricted security, the Firm may, in appropriate circumstances and consistent with clients' investment objectives, recommend to advisory clients or prospective clients, the purchase or sale of such security in one of its Funds.

In order to manage any potential conflicts of interest, Access Persons may only sell existing positions in securities that are not currently held in any Fund and have not been held in any Fund within the past seven days and with pre-clearance from the Firm's Chief Compliance Officer (the "CCO"). The CCO also monitors the Firm's trade blotters to ensure that no Fund acquires any security recently sold by an Access Person within the following seven days.

Access Persons subject to the Code are subject to, among other things, various restrictions relating to the acquisition of securities. These restrictions include pre-clearance, as described below and disclosure requirements of transactions in their personal accounts, restrictions on short term trading and general prohibitions on transactions in securities in certain circumstances, including:

- when in possession of inside information;
- transactions in securities of issuers on the Firm's restricted list or during specified blackout periods;
- transactions in securities at a time when the employee intends, or knows of another employee's intention, to purchase or sell that security or an equivalent security on behalf of the Funds;
- transactions in securities in which Preserver is placing a transaction on behalf of a Fund within a certain number of business days of such order being placed by Preserver for the Funds; and
- acquisition of securities in initial public offerings.

Access Persons must obtain pre-clearance for all personal transactions (buys and sells) by the CCO prior to executing the transaction. Transactions by the CCO must receive pre-clearance from the President. Such pre-clearance must be obtained for all transactions for themselves and their immediate family members. During the pre-clearance process, the CCO compares the proposed security transaction against investments considered and/or executed for the Firm's clients to prevent Access Persons from front-running of client securities. Requests for pre-clearance of any transaction involving a restricted security will be automatically denied by the CCO. If an Access Person already holds a restricted security on the date hereof, the Access Person may request pre-clearance from the CCO to sell that restricted security, but no additional purchases are permitted.

Item 12. Brokerage Practices

Preserver has discretionary trading authority over all Funds it invests on behalf of. In trading, Preserver seeks “best execution”, which is a combination of price and execution, as well as other factors.

Selection of Broker-Dealers

In selecting brokers to effect securities transactions for the Funds, the Firm considers such factors as price, the ability of the brokers to effect the transactions and the brokers' facilities, reliability and financial responsibility. Preserver will generally, in selecting brokers and dealers to effect transactions on behalf of its Funds, seek to obtain the best execution for the transactions, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm and the brokerage firm's risk in positioning a block of securities.

Research and Other Soft Dollar Benefits

Preserver does not currently participate in any Soft Dollar arrangements nor does it consider, in selecting or recommending broker-dealers, whether the Firm or a Supervised Person received client referrals from the broker. If Preserver were to engage in Soft Dollar transactions in the future, the Firm would adopt appropriate policies and procedures.

Brokerage for Client Referrals

Preserver does not consider, in selecting or recommending broker-dealers, whether the Firm or a Supervised Person received client referrals from the broker.

Directed Brokerage

Preserver does not permit its clients to direct brokerage.

Aggregation of Orders

In carrying out its fiduciary responsibilities for the best execution and appropriate allocation for each Client Account, the Firm utilizes trade aggregation when the same security is being purchased or sold on the same day for more than one Client Account at the prime broker. The Firm aggregates the purchase or sale of securities by placing one block trade then allocates to each Account, at the average price with all other transaction costs and commissions shared on a pro rata basis. Such aggregation achieves administrative convenience and lower overall execution costs/commission rates typically associated with larger orders.

To the extent that the Firm does not aggregate trades but has the opportunity to do so, higher brokerage costs may incur. In instances when the same security is purchased or sold on the same day in more than one Client Account, the Firm’s trader shall document the reason that trade aggregation was not utilized.

The Firm does not have the ability to execute aggregated trades for all Client Accounts in the form of an aggregated block trade. Trade aggregation can only be executed in the private funds and the SMA. The mutual fund cannot participate in trade aggregations due to the prime broker’s inability to allocate to accounts that are custodied with an external custodian. Therefore, the rotation methodology is used when a mutual fund trade order is entered for the same security and same day as an order in another Client Account. The trader rotates the order in which the Client Accounts are filled. As a result, no one Client Account will always be the first or last account in line to receive an execution, to avoid any one account receiving a more advantageous fill.

The rotation methodology is utilized by a systematic cycle. For the purposes of this methodology, an aggregated order involving more than one Client Account is treated as one account in each cycle. The trader maintains a log of each cycle's rotation.

Preserver does not utilize cross trades between the Funds or between any Fund and the Firm's Supervised Persons.

Item 13. Review of Accounts

Review of Accounts

Preserver's CCO conducts ongoing regular reviews of the accounts, transactions and security positions of its Funds. The Chief Investment Officer also monitors the Funds' accounts on an ongoing basis. These reviews are based on each Fund's investment strategy, guidelines, objectives, and other relevant factors.

In addition to the reviews conducted by Preserver's CCO and Chief Investment Officer, the Administrator, Opus Fund Services, LLC ("Opus"), for two of the Firm's private funds prepares reconciliation reports and completes month-end NAV packages. As part of this month-end review, the CCO reviews and signs off on the Administrator's independent net asset value calculation prior to the Administrator's release of the net asset value statements to investors in the private funds.

The mutual fund's administrator, Ultimus Fund Solutions, LLC, is responsible for the calculation of the fund's daily NAV and delivery of quarterly statements to fund shareholders. The Director of Operational Risk Management reviews daily NAV reports and trade reports on a daily basis.

Reports to Clients

<u>Preserver, L.P. and Preserver Alternative Income Fund, L.P.</u>

Clients invested in the private funds, Preserver, L.P. and Preserver Alternative Income Fund, L.P., receive a monthly statement directly from the Fund's Administrator. Preserver may also distribute periodic written updates of the Firm and Funds' activity and performance to investors. In addition, clients receive an early estimate of the information necessary to complete their personal federal income tax returns (Schedule K-1) in early April of each year and the final will generally be delivered around July. Audited financial statements are delivered to clients within 120 days after the end of each fiscal year.

<u>Preserver CLO Fund, L.P.</u>

Clients invested in the private fund, Preserver CLO Fund, L.P., receive a monthly statement directly from Preserver as the fund is administered in-house. Audited financial statements are not prepared for this fund as all investors are internally managed portfolios. The Firm's CPA, Spicer Jeffries, LLP, prepares the tax form, Schedule K-1, for each client and will generally be delivered by April 15th each year.

<u>Separately Managed Account</u>

The SMA client receives consolidated monthly statements directly from Preserver. In addition, monthly statements for each custodial account, held by the SMA, are sent directly to the client by the custodian. All tax related documents necessary to complete personal federal income tax returns are delivered directly to the client by the brokerage firm, financial institution and underlying investment managers.

Mutual Fund

Clients who are invested in Preserver's mutual fund receive quarterly statements directly from Ultimus and trade confirmations at the time of each trade. Tax forms are prepared and delivered each year to shareholders directly from Ultimus. All mutual fund shareholders also have online access to their account information through a secure investor portal. Other information may be provided, upon request, to all or individual investors at the Funds' sole discretion.

All reports and updates delivered to clients are written.

Item 14. Client Referrals and Other Compensation

Client Referrals

Neither Preserver nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals.

Other Compensation

No persons, other than clients, provide an economic benefit to Preserver for providing investment advice or other advisory services to the Firm's clients.

Item 15. Custody

As investment manager to private funds, a registered investment company and an SMA, Preserver is deemed to have custody of such funds' assets. The Firm maintains the Funds' cash and securities with "qualified custodians". Two of the firm's private funds' and the registered investment company's financial statements are audited by PCAOB registered accounting firms, in accordance with U.S. generally accepted accounting principles. Such audited financial statements are distributed to the limited partners of the private funds within 120 days of the Fund's fiscal year-end and to shareholders in the annual Prospectus. Limited partners and shareholders are urged to carefully review these statements.

The SMA's assets are held with qualified custodians, which sends monthly account statements directly to the client. The client also receives a consolidated statement from Preserver and encouraged to carefully review and compare such statements with the individual statements received from qualified custodians. A surprise exam is conducted by a PCAOB registered accounting firm on an annual basis on these assets.

The Firm's registered investment company clients utilize the services of a third-party custodian, which reports directly to the client.

Item 16. Investment Discretion

Preserver manages its Client Accounts on a discretionary basis. Discretionary authority is established through the subscription agreements and advisory agreement executed by each client at the outset of the advisory relationship. When selecting investments, Preserver observes the investment guidelines, limitations and restrictions placed on the management of the Funds described in the offering documents. As an adviser of a registered investment company, Preserver's authority to trade securities may also be limited by certain federal securities and tax laws.

Item 17. Voting Client Securities

Preserver has been granted authorization to vote its Funds' proxies when received from the transfer agent or custodians. With respect to securities the Firm manages for the private funds, Preserver has adopted proxy voting policies and procedures designed to satisfy its duties relating to proxy voting. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the Funds, without regard to any other interests. Neither the private funds, nor the investors in the private funds, may direct any vote in a particular proxy. With respect to the registered investment company, Preserver has the authority to vote proxies on behalf of clients.

Preserver's policies and procedures outline the general guidelines for voting proxy statements. However, Preserver may vote a proxy in a manner different from the established guidelines or management's recommendation if circumstances warrant.

Preserver and its employees have a fiduciary duty to its clients to act in their best interest; therefore, should avoid conflicts of interests if possible. Persons involved with voting proxies should avoid discussing the proxy vote with anyone who may have conflicting interests to those of the Fund (e.g. management personnel of the issuer, Preserver affiliates with conflicting interests, etc.). If any Preserver employee determines that a material conflict of interests may exist with respect to the voting of proxies, such employee shall inform the CCO and the appropriate course of action to minimize the influence of any conflict will be implemented. In the event that Preserver votes a proxy for a security in which it has a conflict of interest, it will generally vote in accordance with its pre-established guidelines.

Preserver maintains records relating to the voting of proxies as required by applicable law and regulations.

Clients may request a copy of Preserver's proxy voting policy and procedures, as well as relevant information concerning how the Firm has voted securities, by e-mail request to investorrelations@preserverpartners.com.

Item 18. Financial Information

Preserver does not receive, require or solicit prepayment of any fees from its clients in advance.

No financial condition exist that is likely to impair Preserver's ability to meet its contractual obligations to clients.

Preserver has not been the subject of a bankruptcy proceeding since its inception in 2009.

Requests for financial information should be directed to Investor Relations by phone at (901) 755-4737 or via email at investorrelations@preserverpartners.com.