

## PART 2A OF FORM ADV

### FIRM BROCHURE



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**This brochure (“Brochure”) provides information about the qualifications and business practices of Xponance Alts Solutions, LLC (“XAlts”). XAlts is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Our registration as an investment adviser does not imply any level of skill or training and the information in this Brochure has not been approved or verified by the SEC or by any state securities authority. If you have questions about the contents of this Brochure, please contact us at (215) 567-1100. Additional information about XAlts is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site for information relating to our firm using our firm name or a unique identifying number known as a CRD number. Our firm’s CRD number is 314283.**

## **ITEM 2 – MATERIAL CHANGES**

An SEC registrant must amend its Form ADV each year by filing an annual updating amendment ("AUA"). Further, an SEC registrant must submit a summary of material changes required by Form ADV Item 2 of Part 2A when information becomes materially inaccurate. Since our last updating amendment, dated February 3, 2025, we have no material changes to report.

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## ITEM 4 – ADVISORY BUSINESS

Xponance Alts Solutions, LLC, a Delaware limited liability company (the “Investment Advisor or XAlts”), is an investment firm that was formed in February 2021. XAlts serves as the registered investment advisor to Xponance Advisors, LLC, a Delaware limited liability company serving as the general partner (the “General Partner”) of the Xponance Diverse Opportunities Fund, LP (the “Fund”). XAlts is investment advisor to the Fund.

The General Partner controls the Fund. The Investment Advisor manages the Fund’s investments and advises the General Partner on investment matters. The Investment Advisor is supported by the Strategic Capital Group division of Investcorp Investment Advisers, LLC, a Delaware limited liability company (the “Sub-Advisor” or “ISCP”), pursuant to a Sub-Advisor Agreement between the Investment Advisor and the Sub-Advisor.

The General Partner and the Investment Advisor are, indirectly and directly respectively, each a majority-owned subsidiary of Xponance LLC (“Xponance”). Xponance is a multi-platform asset manager and investment solutions provider for institutional clients. Xponance employs approximately 45 people between its offices in Philadelphia, Pennsylvania and Durham, North Carolina.

The Fund was formed by XAlts to make minority investments in equity, equity-related or debt interests primarily in, or rights to share in the revenue streams primarily generated by, alternative asset advisors and their affiliates, including general partners (collectively, “Portfolio Advisors”), and pooled investment funds, collective investment vehicles and separately managed accounts sponsored, managed or advised by Portfolio Advisors (collectively, “Portfolio Funds,” and investments in Portfolio Advisors and/or Portfolio Funds, “Portfolio Advisor Investments”). The Fund may also make seeding investments in Portfolio Advisors in which either: (a) women or diverse founders own at least 33% of the equity; or (b) one or more women or diverse founders hold the title of Managing Partner or any equivalent title. The Fund’s investment focus is on diverse managers that derive a significant portion of their revenue from the sponsorship and management of closed-end funds or other funds with lock-up features (as such terms are customarily used in the market) as of the date of the relevant Portfolio Advisor Investment.

The Investment Advisor provides discretionary investment advisory services to the Fund including, but not limited to, directing the investment and reinvestment of Fund assets. The advisory services for the Fund are further described in the Fund's offering memorandum, limited partnership agreement, and subscription agreement (collectively, the "Documents"). We do not vary our investment advice from the terms of the Documents. Additionally, the Documents detail the various investment restrictions that govern the types of investments the Fund may and may not make.

As further described in Item 8 below, XAlts invests all the Fund’s assets in Portfolio Advisor Investments based primarily in the United States that invest or trade in a wide range of securities, and, to a lesser extent, other property, and currency interests. Although XAlts’ investment advice is generally limited to these types of investments, it has broad and flexible investment authority.

The rights and obligations of the Investment Advisor and General Partner with respect to the Fund are set forth in the limited partnership agreement entered by the General Partner and the other investors (“Limited Partners”) of the partnership (the “Partnership Agreement”).

As of December 31, 2025, XAlts managed \$92,262,700.00 on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

XAlts is compensated for its advisory services to the Fund in the form of an asset management fee (the “Management Fee”) and the General Partner will be paid a performance fee (the “Performance Fee”).

The Fund will pay all expenses other than “overhead expenses,” including, without limitation, the fee to the administrator, accounting, legal and certain compliance expenses, insurance premiums, organizational expenses, and all investment related expenses such as commissions, research fees, interest on indebtedness, and any other expenses reasonably related to the purchase, sale or transmittal of the Fund’s assets (including the investment expenses of the Portfolio Funds in which the Fund invests). The Fund also bears indirectly the fees and expenses of any investment entities in which a Portfolio Fund may invest. The expenses of the organization of the Fund, including all expenses incurred in connection with the offer and sale of interests in the Fund, will be paid by the Fund.

XAlts offered a lower, founder class Management Fee to investors who closed during the initial investing period. The initial fees for such investors were 1.4% to 1.5%, depending upon the timing of their investment. Later investors pay a Management Fee of 1.75%. However, there were no adjustments to the carried interest of 20%, which is allocated to the General Partner.

The Management Fee is generally payable quarterly in advance from drawdowns of the Limited Partners’ remaining capital commitments, provided, however, that the Management Fee may be waived or deferred and paid at a later date and/or paid out of amounts otherwise distributable to the Limited Partners. The Management Fee will be prorated for any period that is less than a full quarter.

### **Performance Compensation**

The General Partner is entitled to receive an annual Performance Fee from the partnership for which it serves as the general partner. The Performance Fee is equal to 20% of the annual net profits, but only to the extent that such profits exceed both (i) a “hurdle rate” equal to 8.0% for the year, and (ii) any losses carried forward from prior years, based on a “high water mark” formula. The “hurdle rate” is calculated net of management fees, but before the performance-based allocation. The “hurdle rate” is not cumulative from year to year and is applied to each Limited Partner’s capital account balance as of the commencement of the year, as adjusted for any additional contributions or partial withdrawals during the year. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits in the Limited Partner’s capital account for the year. Net profit includes unrealized appreciation or depreciation of marketable positions, as well as any dividends and distributions.

XALts deducts fees from Fund assets. As described above, the Investment Advisor deducts the Management Fee and the General Partner deducts the Performance Fee from Fund assets on a quarterly and annual basis, respectively.

Notwithstanding the foregoing, the Investment Advisor, on behalf of the Fund, will have discretion to waive the Management Fee relative to the capital commitment of certain Limited Partners that: (i) are affiliated with or employed by the Investment Advisor or Xponance; (ii) are friends and family investors; or (iii) provide consulting and advisory services to the Fund, the Portfolio Advisors or Portfolio Funds and, in each case, are designated as “Xponance Partners” by the General Partner in its sole discretion (each, an “Xponance Partner”). In addition, the Management Fee is subject to reduction equal to the amounts of portfolio company directors’ fees, transaction fees, break-up fees, reverse break-up fees, monitoring fees, and other similar fees received by the Investment Advisor.

**IT IS CRITICAL THAT INVESTORS REFER TO THE FUND OFFERING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF HOW XALTS IS COMPENSATED FOR ITS ADVISORY SERVICES. THE INFORMATION CONTAINED IN THIS ITEM 5 IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY THE FUND OFFERING DOCUMENTS.**

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, the General Partner may receive a Performance Fee, which is performance-based. It should be noted that the possibility that the General Partner could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation.

One or more additional parallel funds (collectively, the “Parallel Funds”) may be established as related entities of the Fund to accommodate the legal, regulatory, tax, internal investment policy or guidelines, or other requirements of certain Limited Partners. Subject to legal, tax, accounting, regulatory and other considerations, the Fund, and each Parallel Fund, will generally invest side-by-side in all of the Fund’s Portfolio Investments on the basis of their respective remaining Capital Commitments. The governing documents of each Parallel Fund will contain terms and conditions substantially similar to those of the Fund (except as may be advisable due to the legal, regulatory, tax, internal investment policy or guidelines, or other requirements a Parallel Fund is formed to accommodate) and will be managed by the Investment Advisor or an affiliate thereof.

## **ITEM 7 – TYPES OF CLIENTS**

XALts’ client is the above-mentioned Fund, which is a pooled investment vehicle. The Fund will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any other U.S. or non-U.S. securities laws. Interests in the Fund will be offered and sold without registration in reliance upon the Securities Act exemption for transactions not involving a public offering and generally will be sold only to accredited investors, as defined in Regulation D promulgated under the Securities Act.

The minimum subscription per investor in the Fund is \$5,000,000, however, the General Partner may accept subscriptions in lesser amounts in its sole discretion.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Investment Advisor intends to pursue a consistent, disciplined investment strategy that is focused on identifying high-quality Portfolio Advisors with whom to partner. As a minority stakeholder in what is expected to be a diversified portfolio of approximately 10 Portfolio Advisors that may have differing investment strategies, geographic focus, asset classes and, with respect to Portfolio Funds, different vintage, the Fund seeks to create value for Limited Partners through growth of the underlying Portfolio Advisors and improved operational efficiency. The key elements of the Fund's differentiated investment strategy are set forth below.

### **Investment Team with Complementary Experience**

In order to execute the investment strategy of the Fund, the General Partner has assembled, and the Fund will be managed by, an experienced team of investment professionals (the "Investment Team"), comprised of representatives of the Investment Advisor and of the Sub-Advisor that has been retained to advise the Investment Advisor. The Investment Team members have previous experiences that provide a variety of perspectives and are thus well-suited in identifying and evaluating prospects, making investments, and assisting portfolio expansion and improving operations. The Investment Team will source new investment opportunities from its existing strong relationships.

### **Attractive Fund Yield Structure**

The Investment Advisor expects the Fund to provide an attractive cash yield to investors from asset management fees and performance-based compensation.

### **Experienced Value Creation Approach**

The Investment Advisor will seek to add value to Portfolio Advisors by providing access to Xponance's and Investcorp's respective ecosystems of resources. A senior investment professional of the Investment Team serves as the liaison between a Portfolio Advisor and Xponance's and Investcorp's respective networks of resources. Xponance and Investcorp are positioned and incentivized to work with the Investment Advisor as needed to raise capital, expand product offerings, manage talent and succession planning challenges, and streamline back-office operations.

### **Investment and Portfolio Construction Experience**

It is the intention of the Investment Advisor that the Fund will seek to achieve reduced volatility and J-curve risk based on consistent management fees, cash flows and annual performance compensation from investments in Portfolio Advisors. Coupled with what is expected to be a diversified pool of approximately 10 Portfolio Advisors that may have differing investment strategies, geographic focus, asset classes, and, with respect to their Portfolio Funds, different vintages, the Investment Advisor expects the portfolio to enhance downside protection while still capturing upside potential as compared to a more typical private equity strategy. The Investment Team has experience investing across a variety of alternative asset management strategies, business models, and deal structures.

## **Material Investment Risks of the Fund**

### ***General Investment Risks***

#### **Suitability of Investing in the Fund**

An investment in the Fund is not suitable for all investors. An investor must have the financial ability to understand, and the willingness to accept, the extent of its exposure to the risks and lack of liquidity inherent in an investment in the Fund. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisers to assist them in making their own legal, tax, accounting and financial evaluation of the risks and merits of an investment in the Fund, considering their own circumstances and financial condition. An investment in the Fund should be considered only by persons who can afford to lose their entire investment.

#### **Nature of Investment**

An investment in the Fund requires a long-term commitment in a structure that provides for a 15-year term (with possible extensions). The majority of the Fund's investments will be highly illiquid. While Portfolio Advisor Investments will entitle the Fund to participate in the revenue streams generated by the Portfolio Advisors and Portfolio Funds, which are expected to give rise to current income for the Fund, such current income will likely be the only source of near-term cash flow available to the Limited Partners. There can be no assurance that the Portfolio Advisor Investments will generate positive cash flows. In addition, subject to certain limitations set forth in the Partnership Agreement, the General Partner may recall or retain and reinvest capital contributions relating to an investment that has been disposed. Consequently, there may be a lengthy time period before distributions are made to the Limited Partners.

The Portfolio Advisor Investments will generally comprise minority, non-controlling, equity, equity-related and/or revenue interests in Portfolio Advisors or Portfolio Funds, and the Fund will therefore typically have limited ability to exert influence over such Portfolio Advisors and Portfolio Funds, including with respect to the evaluation and selection of investments made by a Portfolio Advisor and/or Portfolio Fund, the timing of the making, restructuring, refinancing and exiting of such investments and, more generally, the investment strategies, policies and operations of a Portfolio Advisor and the Portfolio Funds sponsored, managed or advised by such Portfolio Advisor. The existing management team of each Portfolio Advisor is expected to retain autonomy over the day-to-day operations of the business of such Portfolio Advisor and a majority stake in such business. Certain of the Fund's investments may be in Portfolio Advisors with little or no operating history. Because the Fund may only make a limited number of investments and the Fund's investments generally will involve a high degree of risk, poor performance by a few of the Portfolio Advisor Investments could severely affect the total returns to the Limited Partners.

There can be no assurance that the Fund, the General Partner, the Investment Advisor, the Sub-Advisor, or the Investment Team will correctly evaluate the nature and magnitude of the various factors that could affect the value of a return on the Fund's investments. The Fund will seek to invest in a diversified portfolio as part of its broader investment strategy and attempt to manage

the risks of these investments through careful research, investment selection and ongoing monitoring and due diligence of investments. However, there can be no assurance that the securities and other investments purchased by the Fund will increase in value or that the Fund will not incur significant losses.

The Investment Advisor has established a risk management function. As more particularly described in the Partnership Agreement, there are investment restrictions that apply in respect of the Fund. Part of the General Partner's and the Investment Advisor's role is to ensure that the provisions of the Partnership Agreement are complied with and there are procedures in place to monitor all potential and actual investments made by the Fund to ensure compliance. Each of the General Partner and the Investment Advisor intends to apply a risk management approach that it believes is appropriate for the Fund. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Investment Advisor's risk control framework will achieve its objectives. From time to time, without notice to the Limited Partners, the Investment Advisor may modify or change the Fund's risk management system and procedures.

### **Current Economic Conditions and Developments**

Many factors affect the appeal and availability of investments in companies and the securities and obligations that are the focus of the Fund, the Portfolio Advisors, and the Portfolio Funds. The activities of the Fund, the Portfolio Funds, the Portfolio Advisors, and their respective investments could be materially adversely affected by general economic and market conditions, such as availability of credit, credit defaults, economic uncertainty, changes in laws, residual effects of the COVID-19 pandemic, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations) as well as by numerous other factors outside the control of the General Partner, the Investment Advisor, the Portfolio Advisors, or their affiliates. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's and the Portfolio Funds' investments, which could impair the Fund's profitability or result in losses.

The financial condition of the Fund and the Portfolio Funds may be adversely affected by a significant general economic downturn, and the Fund and the Portfolio Funds may be subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on their respective businesses and operations and thereby could impact the Fund. Moreover, a recession, slowdown or sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets will adversely affect the Fund's and the Portfolio Funds' profitability, impede the ability of the Portfolio Funds' portfolio companies or issuers to perform under or refinance their existing obligations, and impair the Fund's and the Portfolio Funds' ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Fund in respect of certain investments, which losses likely will be exacerbated by the presence of leverage in the Portfolio Funds' capital structures.

In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Fund's and the Portfolio Funds'

performances. World financial markets continue to experience extraordinary market conditions, including, among other things, bank failures, extreme losses and volatility in securities markets, and the failure of credit markets to function. In reaction to these events, regulators and monetary authorities in the United States and several other countries have undertaken unprecedented regulatory and monetary actions, and regulators in the United States and abroad continue to consider and implement measures to stabilize U.S. and global financial markets. However, despite these efforts, U.S. and global financial markets remain volatile. In addition, presidential and congressional elections may result in several changes to U.S. and non-U.S. fiscal, tax, and other policies, as well as the lending environment generally.

The Fund may be adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulatory actions or other events that could limit the Fund's and the Portfolio Funds' activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of a severe worldwide economic downturn. Consequently, the Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns, or effectively managing risks.

### **Public Health Emergencies**

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola, and COVID-19, have resulted in, and continue to result in, market volatility and disruption. These and other health emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, and which may result in significant losses to the Fund and the Portfolio Funds. Among other things, unprecedented public health emergencies have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment. Many categories of consumers and businesses are still experiencing unfavorable effects as a result of such emergencies.

### **Business and Regulatory Risks of Alternative Asset Funds and Advisors**

Legal, tax and regulatory changes could occur that may adversely affect the Fund, the Portfolio Advisors, or the Portfolio Funds at any time. The legal, tax and regulatory environment for funds that invest in alternative investments is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the hedge fund and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of the Fund and the Portfolio Funds to pursue their respective investment strategies, their ability to obtain leverage and financing, and the value of their respective investments. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as regulatory scrutiny of the alternative investment fund industry in general, and certain legislation requiring greater regulation of the industry has been adopted, and additional legislation has periodically been proposed and is being considered in the United States, the European Union, and other jurisdictions. It is impossible to predict what, if any,

additional changes may be instituted with respect to the regulations applicable to the Fund, the General Partner, the Investment Advisor, the Portfolio Advisors, the Portfolio Funds, their respective affiliates, the markets in which they trade and invest, the investors in the Fund or the counterparties with which they do business, or what effect such legislation or regulations might have on the aforementioned entities. There can be no assurance that the Fund, the General Partner, the Investment Advisor, the Portfolio Advisors, the Portfolio Funds, or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Fund, the Portfolio Advisors, or the Portfolio Funds to implement their respective investment strategies could have a material adverse impact on the Fund's investments. To the extent that the Fund or the Fund's investments are or may become subject to regulation by various agencies within or outside of the United States, the costs of compliance will be borne directly or indirectly by the Fund, as applicable.

The SEC and other various U.S. federal, state and local agencies may conduct examinations and inquiries into, and bring enforcement and other proceedings against, the Fund, the General Partner, the Investment Advisor, the Sub-Advisor, or their respective affiliates. The Fund, the General Partner, the Investment Advisor, the Sub-Advisor, or their respective affiliates may receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings, and otherwise in the ordinary course of business. These requests may relate to a broad range of matters, including specific practices of the Fund, General Partner, the Investment Advisor, the Sub-Advisor, the Portfolio Advisors, the securities in which the Fund, the General Partner, the Investment Advisor, and the Portfolio Advisors invest on behalf of their respective clients, or industry-wide practices. The costs of any such increased reporting, registration and compliance requirements may be borne by the Fund and may place the Fund at a competitive disadvantage to the extent that the General Partner, the Investment Advisor, the Sub-Advisor, or the Portfolio Advisors are required to disclose sensitive business information.

## **Cybersecurity**

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Information and technology systems of the General Partner, the Investment Advisor, the Fund, the Portfolio Advisors, and the Portfolio Funds 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. The General Partner and the Investment Advisor will seek to prevent and mitigate any such incidents, but there is no guarantee that they will be successful in such efforts. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Investment Advisor's, the Fund's, the Portfolio Advisors', or the Portfolio Funds' operations, or the operations of a portfolio company of the Fund or of a Portfolio Fund, 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). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the General Partner, the Investment Advisor, the Fund, the Portfolio Advisors, the Portfolio Funds, or the portfolio companies of the Fund or of

the Portfolio Funds. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) or the assets of Portfolio Funds or of any of the portfolio companies of the Fund or the Portfolio Funds, as well as numerous unforeseen costs including, but not limited to preventative and protective costs, remediation costs, litigation costs, and costs associated with reputational damage.

### ***Risks Related to an Investment in the Fund***

#### **Lack of Operating History**

The Fund is the first investment fund formed by the Investment Advisor. Although the Investment Team has extensive experience investing in private equity markets, the Fund, the General Partner, and the Investment Advisor are relatively newly formed entities with no shared operating history upon which to evaluate the Fund's performance. The prior performance of any of the Fund's, General Partner's, Investment Advisor's, or Sub-Advisor's respective affiliates should not be construed as an indication of the Fund's future results. There can be no assurance that the investment objective of the Fund will be achieved or that investors will receive a return of their capital.

#### **Absence of Regulatory Oversight**

While the Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act.

#### **No Right to Control the Fund's Operations**

Limited Partners will have no opportunity to control the day-to-day operations of the Fund, including investment or disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Fund, Limited Partners must rely entirely on the General Partner and the Investment Advisor to conduct and manage, respectively, the affairs of the Fund. In addition, to the extent that a Limited Partner is not represented by a member of the Limited Partner Advisory Committee ("LPAC"), such Limited Partner will have no influence over matters submitted to the LPAC for review or approval.

#### **Side Letters**

The Fund or the General Partner has entered into other written agreements ("Side Letters") with certain Limited Partners that have the effect of establishing rights under, or altering or supplementing the terms of, the Partnership Agreement or any Subscription Agreement. The Fund or the General Partner may enter into additional Side Letters with other Limited Partners in the future. Any such terms, including with respect to (a) different economic terms which may be more favorable than those of the Partnership Agreement (including alternative fee or other compensation arrangements), (b) excuse rights applicable to particular investments, (c) additional reporting obligations of the General Partner, (d) the consent of the General Partner to certain transfers by such investor, (e) co-investment opportunities, (f) withdrawal rights due to adverse tax or regulatory events, (g) the waiver of certain confidentiality obligations, (h) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor or (i) any other matters described therein, may be more favorable than those offered to any other Limited Partners. If the Fund or the General Partner enters into a Side Letter entitling a

Limited Partner to be excused from participating in a particular investment or withdraw from the Fund, any election to be excused or withdrawal by such Limited Partner may increase any other Limited Partners' *pro rata* interest in, and contribution obligations with respect to, that particular investment (in the case of an excuse) or all future investments (in the case of a withdrawal), which may have an adverse effect on such other Limited Partners' investment results. Side Letters may be available for review by a Limited Partner only after such Limited Partner has become a limited partner of the Fund. The Fund or the General Partner may enter into such Side Letters with any party as the General Partner may determine in its sole and absolute discretion at any time. The other Limited Partners will have no recourse against the Fund, the General Partner, the Investment Advisor, or any of their respective affiliates if certain Limited Partners receive additional or different rights or terms as a result of such Side Letters.

In addition, the General Partner may enter into agreements with one or more Limited Partners involving such Limited Partners' overall relationship with the Fund, the Investment Advisor or any of their affiliates, including one or more strategies or sub-strategies in addition to the strategy of the Fund, with terms and conditions applicable solely to such Limited Partners and their investment in the Fund and other investment funds managed or sub-advised by the Investment Advisor or its affiliates (such other investment funds, "Other Funds") (including separate accounts) or other Xponance strategies. Such agreements are anticipated to involve Limited Partners agreeing to make a commitment to multiple Other Funds, one or more of which may include the Fund or a separate account pursuant to an overall integrated arrangement. Limited Partners will be unable to elect any rights or benefits granted to such multi-strategy investors. Specific examples of such additional rights and benefits include specialized reporting, more favorable or different economic arrangements, secondment of personnel from such Limited Partners to XALts or any of its affiliates (or vice versa) and rights to participate in the investment process, as well as priority rights or targeted amounts for co-investments alongside the Fund or Other Funds. The existence of any such arrangements may result in fewer co-investment opportunities or capacity rights sharing arrangements (or reduced or no allocation) being made available to Limited Partners.

### **Foreign Currency and Exchange Rate Risk**

The functional currency of the Fund will be in U.S. dollars. All capital contributions to be made by Limited Partners to the Fund and all cash distributions from the Fund to the Limited Partners will be made in U.S. dollars. Some of the Fund's investments may, however, be made in a currency other than U.S. dollars. The unrealized value of any investment that is purchased with a currency other than U.S. dollars, or that is likely to be disposed of in consideration for payments denominated in a currency other than U.S. dollars, will be subject to foreign currency exchange rate risk in addition to the other risks inherent in such an investment. Although the General Partner may, in its sole discretion, enter into hedging transactions designed to reduce foreign currency exchange rate risk, there can be no assurance that the Fund will be able to do so successfully or cost-effectively.

### **General Tax Risks**

The Fund and/or the Limited Partners could become subject to additional or unforeseen taxation in jurisdictions in which the Fund, directly or indirectly, operates and invests. In addition, withholding taxes and other local source taxes may be imposed on the Fund's earnings. These taxes may not be creditable or deductible by the Fund or the Limited Partners.

## **Tax Treatment**

There can be no assurance that the structure of the Fund or of any investment will be tax-efficient to any Limited Partner.

The Fund may generate “unrelated business taxable income” for tax-exempt investors, “effectively connected income” for non-U.S. investors and “commercial activity income” for certain non-U.S. investors that are foreign governments or not otherwise subject to U.S. federal income tax under section 892 of the U.S. Internal Revenue Code of 1986, as amended. If the Fund expects to generate any such income, the Fund will try to notify the Limited Partners in advance of such generation and, upon request, try to help Limited Partners resolve any issues.

Prospective Limited Partners are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. federal, state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with reference to any special issues that an investment in a Fund may raise for such persons.

## ***Risks Related to Portfolio Advisor Investments***

### **Illiquidity**

Portfolio Advisor Investments are illiquid and may not be transferred without the consent of the Portfolio Advisors and without complying with cumbersome procedures. While the Fund may seek to negotiate various early liquidity rights prior to purchasing interests in the Portfolio Advisors and their Portfolio Funds, the Fund may be unable to liquidate its interests when desired and thereby avoid significant losses, or may be required to sell such interests regardless of whether the Fund desires to do so. It is unlikely that there will be a public market for any of the securities held by the Fund at the time of their acquisition. The Fund generally will not be able to sell the securities constituting Portfolio Advisor Investments unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. Furthermore, the imposition of withdrawal restrictions (“gates”), lock-ups, the suspension of withdrawals, *force majeure* events and other factors can each result in the Fund being unable to exercise any liquidity rights with respect to its Portfolio Advisor Investments.

### **Minority, Non-Controlling Equity Interests**

As part of its investing strategy, the Fund generally intends to make minority, non-controlling, equity and equity-related investments in Portfolio Advisors, and the General Partner expects that such Portfolio Advisors will retain autonomy over the day-to-day operations of their investment management businesses and that such Portfolio Advisors will retain a majority stake in such investment management businesses. Although the General Partner generally will seek to obtain minority investment protections and other rights designed to provide the Fund with risk mitigation and downside protection and align the Fund’s interests with those of a Portfolio Advisor’s management and other stakeholders, the Fund typically will have a limited ability to exert influence over the Portfolio Advisors in which the Fund invests. The Portfolio Advisors may make business, financial or management decisions with which the General Partner or the Investment Advisor does not agree, and the majority stakeholders or management of the Portfolio Advisor may take risks or otherwise act in a manner that does not serve the Fund’s

interests. The Fund will not have the opportunity to evaluate or select the specific underlying investments made by any Portfolio Advisor in which the Fund invests and will not be responsible for the results of any underlying Portfolio Fund. In such cases, the Fund will rely on the existing management and board of directors or similar governing body of such Portfolio Advisors, which may include representation of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. In holding non-controlling interests, the Fund will have limited or no ability to create additional value in the Portfolio Advisors in which the Fund invests by effecting changes in the strategy and operations of the Portfolio Advisors or to protect the Fund's positions in the Portfolio Advisors or to create or take advantage of exit opportunities. The Fund's inability to control the timing of the restructuring, refinancing, and exiting of its investments may adversely affect the Fund's performance. In addition, while the Fund does not intend to control, or expect to have any control over, such Portfolio Advisors, the Fund's participation in such Portfolio Advisors could expose the assets of the Fund to claims by a Portfolio Advisor and/or such Portfolio Advisor's other equity holders, creditors, investors, or other counterparties. There can be no assurance that all third parties will similarly conclude that the Fund's investments are not control investments or that, due to the provisions of the governing documents of an investment or the interpretation of applicable law or regulations, investments by the Fund will not be deemed to have control elements for certain contractual, regulatory, or other purposes. It is possible that regulators or third parties could try to impose liability on the Fund in connection with the operations of a Portfolio Advisor and, if successful, such liability could adversely affect the performance of the Fund.

#### **Dependence on Key Personnel**

A Portfolio Advisor may rely heavily on certain key personnel to manage and direct the operations of such Portfolio Advisor. The presence and retention of such key personnel is particularly important to participants in the alternative investment funds area, and the departure of these key personnel, or their inability to fulfill their responsibilities, may materially and adversely affect the ability of a Portfolio Advisor to manage its Portfolio Fund(s) successfully, which may have a material adverse effect on the Fund. For instance, many Portfolio Funds are expected to include in their organizational documents a "key person provision" that would suspend or terminate the investment activities of such Portfolio Funds or would allow the investors of such Portfolio Funds to redeem their investment with little or no limitations should a key person event take place.

The Fund expects to be entitled to receive a portion of a Portfolio Advisor's income. This may motivate a Portfolio Advisor's key personnel to leave the employ of the Portfolio Advisor to go and work for a new entity that is not subject to a requirement to share income with the Fund or similar investors (and that therefore has greater flexibility to share income with key personnel). The Fund may seek investment terms that condition the investment on some type of retention arrangements with key personnel already being in place, and ongoing obligations designed to encourage retention, although there is no certainty that the Fund will seek such terms or that Portfolio Advisors will agree to such conditions.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN THE FUND, PORTFOLIO ADVISORS, PRIVATE FUNDS OR THE ALTERNATIVE ASSET**

**INDUSTRY. PORTFOLIO ADVISORS MAY PURSUE OTHER STRATEGIES IN MANAGING THEIR ASSETS, WHICH STRATEGIES COULD INVOLVE RISKS NOT DESCRIBED HEREIN. PROSPECTIVE INVESTORS SHOULD READ THE FUND OFFERING DOCUMENTS IN FULL AND SEEK ADVICE TO COMPLETELY UNDERSTAND THE RISKS ASSOCIATED WITH INVESTING IN ALTERNATIVE ASSETS BEFORE DECIDING WHETHER TO INVEST IN THE FUND.**

## **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them. XAlts does not have information to disclose that is applicable to this Item.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

As stated in Item 4, Xponance is the majority owner of XAlts and is the successor registrant under the Investment Advisers Act of 1940 (the “Advisers Act”) to both FIS Group, Inc. and Piedmont Investment Advisers, Inc. Xponance is a Pennsylvania Limited Liability Corporation with headquarters in Philadelphia and a southeast office in Durham, North Carolina, and is 100% owned by employees of the firm. Xponance is also the corporate parent of Aapryl, LLC, a financial technology company that offers software to assist allocators in identifying skilled investment advisors.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

XAlts has adopted a Code of Ethics which sets forth the high standards of business conduct expected of our employees and individuals associated with our firm, including compliance with applicable federal securities laws. Our Code of Ethics also governs certain potential conflicts of interest we may have when providing advisory services to our clients. As explained in the Code of Ethics, XAlts and its employees owe a duty of loyalty, good faith, and fairness to our clients, and have an obligation to adhere to both the specific terms and general principles that guide the Code. Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and provisions for reporting certain gifts and business entertainment items. Our Code also includes policies and procedures for the review of initial securities holdings reports, quarterly securities transactions reports and duplicate brokerage statements. XAlts may buy or sell securities for client accounts in which an Access Person (as defined in the Advisers Act) may have a material interest. To avoid any potential conflicts of interest between XAlts and its clients, our Code of Ethics requires that all Access Persons obtain written preclearance before buying or selling securities in their personal, non-discretionary, brokerage accounts. Access Persons are also subject to a three month holding period before being allowed to sell a covered security. Employees of XAlts or its affiliates may invest in the Fund, however preclearance requirements will have to be met before doing so.

XAlts is not a broker-dealer and does not have any broker-dealer affiliates. Therefore, XAlts does not have the capacity to engage in any principal or agency cross securities transactions. While the Code of Ethics does not address every possible situation that might arise, each person is responsible for exercising good judgment, applying ethical principles, and bringing potential violations of the Code of Ethics to the attention of the Chief Compliance Officer of XAlts. Sanctions imposed for infractions of the XAlts Code of Ethics can vary from reprimand to termination, as appropriate. The Code of Ethics is distributed to each employee at the time of hire and thereafter as changes are made. On an annual basis, we require all employees to re-certify adherence to the Code of Ethics. Clients and prospective clients of XAlts may request a copy of our Code of Ethics by contacting Mimi Forbes, Chief Compliance Officer, at (215) 567-1100.

## **ITEM 12 – BROKERAGE PRACTICES**

As mentioned in Item 4 above, XAlts utilizes an investment strategy which is focused on investing the assets of the Fund in Portfolio Advisor Investments, which are privately offered investment opportunities. As such, XAlts does not expect the Fund to utilize brokers.

## **ITEM 13 – REVIEW OF ACCOUNTS**

XAlts closely monitors the investment portfolio of the Fund. XAlts' professionals continually review and analyze existing investments to attempt to identify issues early on and take action when necessary. XAlts professionals meet periodically to update one another on such investments and related matters.

XAlts provides investors with audited financial statements on an annual basis.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

XAlts does not use solicitors.

## **ITEM 15 – CUSTODY**

XAlts is deemed to have custody of Fund assets by virtue of its status as the Fund's investment advisor. The qualified custodian presently used by XAlts for the Fund is FirsttrustBank. Limited Partners receive quarterly account statements from XAlts, which statements each Limited Partner should carefully review.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, investors in the Fund are provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 180 days or sooner, of the end of each fiscal year of the Fund. Investors should carefully review the audited financial statements of the Fund upon receipt.

## **ITEM 16 – INVESTMENT DISCRETION**

XAlts has discretionary authority to manage the investments of the Fund. Investors in the Fund do not have the ability to impose limitations on the Investment Advisor's discretionary authority.

Prospective investors are provided with an offering memorandum or prospectus, as applicable, prior to their investment and are encouraged to carefully review the document, along with all other relevant offering documents, and to be sure the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement and a limited partnership agreement, each of which constitutes a legal, valid, and binding obligation of the investor, enforceable in accordance with their respective terms.

## **ITEM 17 – VOTING CLIENT SECURITIES**

**DUE TO THE NATURE OF THE FUND’S INVESTMENT MODEL, WHICH IS TO MAKE PRIVATE INVESTMENTS IN MINORITY OWNED INVESTMENT MANAGEMENT FIRMS, THERE WOULD BE NO INSTANCE WHERE XALTS WOULD RECEIVE PROXIES TO VOTE FOR THE FUND.**

## **ITEM 18 – FINANCIAL INFORMATION**

XALts is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. XALts has not been the subject of a bankruptcy petition at any time during the past ten years.