

**PART 2A OF FORM ADV: FIRM BROCHURE**



**Contact: Nancy Jacobson Paley**

**Octavian Advisors, LP**  
745 Fifth Avenue  
New York, NY 10151  
Tel: (212) 224-9500 • Fax: (212) 224-9600  
[www.octavian.com](http://www.octavian.com)

**March 2012**

**This Brochure provides information about the qualifications and business practices of Octavian Advisors, LP. If you have any questions about the contents of this brochure, please contact Nancy Jacobson Paley at (212) 224-9500 or by email at [ir@octavian.com](mailto:ir@octavian.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this brochure to Octavian Advisors, LP as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about Octavian Advisors, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## MATERIAL CHANGES

Octavian Advisors, LP last updated Part 2A of its Form ADV on August 24, 2011. Additionally, total client assets as of January 31, 2012 are \$885 million (Section 1: Advisory Business).

## TABLE OF CONTENTS

	<u>Page</u>
MATERIAL CHANGES .....	II
TABLE OF CONTENTS .....	II
4. ADVISORY BUSINESS .....	1
5. FEES AND COMPENSATION .....	1
6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	2
7. TYPES OF CLIENTS .....	3
8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	3
9. DISCIPLINARY INFORMATION .....	9
10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	9
11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	10
12. BROKERAGE PRACTICES .....	11
13. REVIEW OF ACCOUNTS .....	12
14. CLIENT REFERRALS AND OTHER COMPENSATION .....	12
15. CUSTODY .....	12
16. INVESTMENT DISCRETION .....	13
17. VOTING CLIENT SECURITIES .....	13
18. FINANCIAL INFORMATION .....	13

#### **4. ADVISORY BUSINESS**

Octavian Advisors, LP is an SEC registered investment adviser, founded in 2006. Richard A. Hurowitz is the principal owner. We provide discretionary investment advisory services to private investment funds. We are an international special situations investor, focusing on distressed and event-driven opportunities predominately outside of the United States.

We adhere to the investment strategy set forth in each private fund's offering memorandum, but neither the funds nor their investors may otherwise impose restrictions on investing in certain securities or types of securities. We at times sponsor funds based on preferences of an investor or a group of investors. These funds may have the same or different investment strategies and terms as the other funds we manage.

We have broad and opportunistic investment mandates and therefore have the flexibility to invest in a wide variety of special situations. We managed approximately \$885 million in client assets on a discretionary basis, as of January 31, 2012.

#### **5. FEES AND COMPENSATION**

We typically charge each of our private fund clients fees that are based on both a percentage of assets under management and the performance of the fund. Set forth below are summaries of the fees payable by investors in the funds.

##### **Management Fee**

We are entitled to a quarterly management fee, generally up to 2% per annum of the fund's net assets (including the value of any side pocket investments) as of the first day of each quarter. The management fee is calculated and paid quarterly in advance.

##### **Performance Fee**

Each fund is also charged an annual performance-based fee, generally up to 20% of the fund's net profits as of the end of the fund's fiscal year, subject to a high water mark limitation.

The performance fee is subject to a high water mark limitation, which generally provides that to the extent a fund incurs net losses as of the end of any year, the fund will not be charged a performance fee on net profits earned in subsequent years unless 100% of net losses carried forward from prior years has been recouped. Certain classes may be subject to a modified high water mark limitation which generally provides that if a class of investors incurs net losses as of the end of any year, such class will be charged a reduced performance fee on net profits earned in subsequent years until 250% of net losses carried forward from prior years have been recouped, at which time the performance fee reverts to the full percentage. For purposes of calculating the performance fee, net profits are calculated net of the management fee, but before the performance fee. A performance fee is generally calculated and charged at the end of each fiscal year. A performance fee is also calculated and charged in the event an investor withdraws/redeems some or all of its investment from a fund.

If a fund offers multiple classes of interests with varying terms, a lower management fee/performance fee might be available to a class with less liquidity and more restrictive withdrawal/redemption rights as compared to the other classes. In addition, the high water mark will vary by class; each class will either be subject to a traditional high water mark limitation or will be subject to the modified high water mark limitation detailed above.

While it is our general policy that the management fee/performance fee is not negotiable, we (or the general partner with respect to the limited partnership funds) may waive all or a part of the management fee/performance fee payable with respect to any investor in a fund. We, in our sole discretion, may enter (and have previously entered) into agreements with investors in the funds, whereby certain investors are provided with terms and conditions that may be deemed to be more favorable in some respects than those applicable to other investors in the funds. Our employees and affiliates may not pay a management fee/performance fee.

We deduct fees from investors' assets invested in the funds. Investors do not have the ability to choose to be billed directly for fees incurred.

As explained above, the asset-based management fees that we charge the funds are payable at the beginning of each quarter. Because the investors in the funds can only withdraw money from the funds quarterly, they will not pay a management fee in excess of what they owe.

## **Expenses**

In addition to fees payable to us, each fund generally pays the following expenses:

- pro rata share of master fund expenses;
- organizational expenses (including legal and accounting fees, "blue sky" filing fees and other expenses);
- costs and expenses directly related to its investment program, including but not limited to expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the funds; and
- costs of the administration of the fund, including accounting, audit and legal expenses, costs of any litigation or investigation involving the fund's activities, and costs associated with reporting and providing information to existing and prospective investors.

Please see the "*Brokerage*" section of this brochure for a more detailed discussion of our brokerage practices.

## **6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in "*Fees and Compensation*" above, we (or an affiliate) receive performance-based compensation from all of the funds. We do not currently have any clients that are not charged a performance based-fee. While each fund we manage pays performance-based compensation, it should be noted that we reserve the right to reduce, waive or calculate differently such fees for certain investors in the funds.

Performance-based compensation may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. In addition, the performance fee is based upon both realized and unrealized gains, and thus, we may receive a performance fee reflecting unrealized gains at the end of a fiscal year that are not subsequently recognized by the applicable fund.

Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular fund and the risks associated with such performance-based compensation prior to making an investment.

## **7. TYPES OF CLIENTS**

We provide investment advisory services to certain private investment funds. Investments in the funds are generally restricted to investors who qualify as “accredited investors,” as that term is defined under rule 501(a) of Regulation D of the Securities Act of 1933 and “qualified purchasers” as that term is defined under the Investment Company Act of 1940 or are non-U.S. investors invested in one of the offshore funds. Generally, the minimum initial investment in a fund is \$5 million, which amount is subject to waiver at our discretion (but in the case of the offshore funds, subject to an absolute minimum of \$100,000).

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

### **METHODS OF ANALYSIS**

Generally, we are a research-intensive investment advisor and conduct our own independent analysis and research. Typically, we conduct valuation and quantitative analysis, review relevant documentation, and undertake further diligence, which may include research regarding or involving competitors, customers, suppliers and/or other primary sources. We also seek to understand a company’s capital structure and the various provisions governing each security or debt instrument relevant to our investment. Our research at times focuses on legal and process-related issues which may include antitrust, securities or other regulatory approvals, tax, accounting or litigation-related problems, takeover law, shareholder or creditor sentiment, and questions of legal jurisdiction, security or of bankruptcy law or procedure.

We will often consult with outside persons, who may include attorneys, bankers, brokers, consultants, industry executives and experts, former diplomats, former government officials and others to help analyze investments and source opportunities.

### **INVESTMENT STRATEGIES**

We are an international special situations investor, focusing on distressed and event-driven opportunities predominately outside of the United States.

#### **Distressed and Credit Opportunities.**

We look for opportunity among distressed situations, usually in debt securities or claims, because they can offer compelling value with a significant margin of safety amid an often highly complex and legally driven structure. We particularly seek situations where there is a catalyst or

event, such as a bankruptcy, reorganization or material asset sale that will crystallize value and re-rate the relevant securities. We believe that distressed opportunities outside the United States can be particularly compelling because of additional layers of complexity, the need for strong local relationships and typically less developed and deep debt capital markets.

### **Event-Driven.**

We are attracted to situations where a catalyst to realize value exists in the form of a corporate event such as a merger, acquisition, recapitalization, spin-off or divestiture, or where there is an extraneous overhang such as litigation or regulation, or where a corporate structure such as a holding company causes significant mispricings of underlying assets. We believe the event-driven markets outside the United States are far less efficient and commoditized, and seek to deploy capital accordingly. We at times may take an activist approach to our investments.

## **RISKS**

Investment in the funds entails a high degree of risk, including the risk of loss of some or all of an investment. The risks of an investment in the funds include, but are not limited to, the speculative nature of the strategies and the charges that the funds will incur regardless of whether any profits are earned.

**Extraordinary Corporate Transactions.** We employ a strategy, among others, that seeks to profit from changes in the price of securities of companies involved in extraordinary corporate transactions. The difference between the price paid by the funds for securities of a company involved in an announced extraordinary corporate transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. Since the price bid for the securities of a company involved in an announced extraordinary corporate transaction could generally be at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps by more than our anticipated profit, even if the security's market price returns to a level comparable to that which exists prior to the announcement of the deal.

**Mergers and Other Similar Transactions.** We may purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities, in a proposed merger, exchange offer, tender offer, spin-off or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer, spin-off or other similar transaction and may be in excess of the value of the announced transaction. If the proposed merger, exchange offer, tender offer, spin-off or other similar transaction later appears less likely or unlikely to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the funds may decline sharply and result in losses to the funds if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, the funds may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated. In addition, a security to be issued in a merger or exchange offer may be sold short by the funds in the expectation that the short position will be covered by delivery of such security when issued or may be sold short to otherwise hedge a long position. If the merger or exchange offer is not

consummated or appears less likely to be consummated, the funds may be forced to cover their short position at a higher price than the short sale price, resulting in a loss.

**Takeovers.** We may also purchase securities above the offer price for a security which is the subject of a takeover bid, if we determine that the offer price is likely to be increased, either by the original bidder or by another party. However, if market conditions change, or if no transaction is consummated, substantial losses may result.

**Tender Offers.** The consummation of mergers, exchange offers, tender offers, spin-offs and other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a tender offer by one company for the securities of another may be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for other reasons, and this opposition may result in regulatory action and/or litigation which delays or prevents consummation of the transaction. Even if the transaction has been agreed upon by the management of the companies involved, its consummation may be prevented by the intervention of a government regulatory agency, litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices, and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat a transaction, they may result in significant delays, during which the funds' capital will be committed to the transaction and interest charges on any funds borrowed to finance the funds' activities in connection with the transaction may be incurred. An exchange offer or a tender offer will often be made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number is tendered, securities will be accepted pro rata. Thus, after the completion of a tender offer, and at a time when the market price of the securities has declined below the funds' cost, the funds may have returned to them, and be forced to sell at a loss, a portion of the securities they tendered.

**Reorganization.** Investments in the debt or equity of companies involved in reorganization proceedings typically entail a number of risks that do not normally apply to investments in financially sound companies. For example, if our evaluation of the anticipated outcome of a reorganization or the timing of such outcome should prove incorrect, the funds could experience losses. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Such considerations include, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit our access to reliable and timely information concerning material developments affecting a company or that cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for the funds to achieve intended results or promptly effect transactions. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks.

**Restructuring: Litigation Risks.** As a result of the funds' investments and the possibility that we may participate in restructuring activities, it is possible that the funds may become involved

in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against the funds including the general partner and us and ultimately judgments may be rendered against the funds for which the funds do not carry insurance.

**Creditors Committees.** Some of the investments the funds will make may require active monitoring and representation on official and unofficial creditors' committees for the company. Accordingly, the funds may seek representation on such committees from time to time if we determine that such representation is necessary or advisable to protect or further the funds' interests. Serving on an official or unofficial committee increases the possibility that the funds will be deemed an "insider" or a "fiduciary" of the company they have so assisted and may restrict the funds' trading of their investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the Bankruptcy Court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest held by the funds in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the funds' managerial activities. In addition, if representation on a creditors committee of a company causes the funds, the general partner or us to be deemed an affiliate or related party of the company, the securities of such company held by the funds may become restricted securities, which are not freely tradable. As the funds will, to the extent permitted by applicable law (including without limitation, ERISA), indemnify the general partner, us or any other person serving on a committee on their behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the funds' investment in a reorganization company.

**Boards of Directors and Executive Committees.** Our employees may serve on boards of directors or executive committees or in other management capacities at companies in which the funds invest, either directly or indirectly. Serving in such a capacity may expose such employee, and by association us and the funds, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which the funds invest, and the employee's knowledge is likely to be attributed to us and the funds; therefore, the funds' ability to trade the securities of such company may become substantially restricted. An employee serving as a director of a company owned, directly or indirectly, by the funds may also face a conflict between the fiduciary duties owed by such employee to the funds and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the funds. We maintain internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intend to prevent employees from taking such positions when, in our determination, the potential risks to the funds outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the funds than if the employee was not permitted to serve in such capacity.

**Investment-Related Alliances and Relationships with Other Parties.** From time to time, we may enter into alliances or relationships with other parties, in which we work collaboratively on investment opportunities. These typically are related to a geography, industry or type of investment about which the other party possesses a particular expertise or knowledge. The other party may provide assistance in sourcing, researching or structuring investments or in providing



general market information or advice. We and the other parties may have certain co-investment rights and/or economic rights in respect to investments which are the subject of collaboration. In addition, at times, the other parties or their employees or affiliates may invest in funds managed by us. We may also invest in or alongside the other parties or in funds or other entities managed or controlled by them. In certain instances, employees or affiliates of the other parties may work in our office and vice versa. We maintain internal compliance policies and typically maintain confidentiality or other agreements with such parties, which together are intended to mitigate any negative effects related to such relationships.

**Illiquidity of Investments.** Certain of our investments may be very illiquid, and consequently we may not be able to sell such investments at prices that reflect our assessment of their value or the amount paid for such investments by the funds. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the funds and other factors. Furthermore, the nature of the funds' investments, especially those in financially distressed companies, may require a long holding period prior to profitability. In the event we make distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

**Short Sales.** We may enter into transactions, known as "short sales," in which we sell a security we do not own in anticipation of a decline in the market value of the security. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. Under adverse market conditions, we might have difficulty purchasing securities to meet our short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

**Derivatives.** Derivative instruments, or "derivatives," include futures, forwards, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the funds contract for the purpose of making derivative investments (the "*Counterparty*"). In the event of the Counterparty's default, the funds will only rank as an unsecured creditor and thus risk the loss of all or a portion of the amounts they are contractually entitled to receive.

**Non-US Securities.** Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some foreign governments, the possibility of expropriation,

limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. At times, higher expenses may result from investment in foreign securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the United States. At times, foreign securities markets also may be less liquid and more volatile than in the United States, including potential difficulties in enforcing contractual obligations.

**Options.** Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

**Distressed Securities.** The fact that certain of the companies in whose securities the funds may invest are in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation, means that their securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the funds' investment in any instrument, and a significant portion of the obligations and preferred stock in which the funds invest may be less than investment grade.

Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. Although the funds will invest in select companies that, in our view, have the potential over the long-term for capital growth, there can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies. There is a possibility that the funds may incur substantial or total losses on their investments. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. In addition, it may be difficult to obtain information about financially troubled issuers and operationally troubled issuers.

Securities of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties. The market prices of such securities are subject to erratic and abrupt market movements and the spread

between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many of the funds' portfolio investments may not be widely traded and that the funds' investment in such securities may be substantial relative to the market for such securities. As a result, the funds may experience delays and incur losses and other costs in connection with the sale of their portfolio securities.

**Bank Loans and Participations.** The special risks associated with bank loans and participations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) environmental liabilities that may arise with respect to collateral securing the obligations, (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality, and (iv) limitations on the ability of the funds or Octavian to directly enforce its rights with respect to participations. We will balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the funds.

## **9. DISCIPLINARY INFORMATION**

We have had no disciplinary events since our establishment in 2006.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As discussed above, our affiliate, Octavian Global Partners, LLC, is the general partner of the funds that are organized as limited partnerships. The performance allocation paid to the general partner may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation. We address this potential conflict of interest by fully disclosing the relationship among the general partner, us and the funds in each fund's offering memorandum. Although Richard A. Hurowitz's control of the investment adviser and the general partner may give him heightened control and discretion over the funds, he manages any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in each fund's offering memorandum. In addition, the general partner entered into the investment management arrangement with us on behalf of the funds organized as limited partnerships. While this may be an interested party agreement, the material terms of the investment management arrangement are fully disclosed to all investors in the funds prior to their investment.

In addition, although not a related party, we have a relationship with Reservoir Capital Group, L.L.C., which is an unaffiliated investment firm that provided seed capital for the funds and is a limited partner of our firm. Reservoir made an initial and long-term seed investment in the funds and currently maintains a significant investment. As an initial seed investor, Reservoir is entitled to certain economic, reporting and/or other rights or terms that may not be available to other investors in the funds. Reservoir does not exercise any control over the investment decisions of the funds.

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

### Code of Ethics

Our Code of Ethics is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended. The Code of Ethics applies to our access persons and sets forth a standard of business conduct that takes into account our status as a fiduciary and requires access persons to place the interests of our clients above their own interests. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees provide certain disclosure to us regarding their personal securities holdings and transactions, (iii) requires all employees to obtain pre-approval of certain types of investments and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. All of our personnel are required to certify their compliance with the Code of Ethics. All access persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.

In addition, the Code of Ethics ensures the protection of nonpublic information about the activities of the funds. Investors or prospective investors may obtain a copy of our Code of Ethics by contacting the Chief Compliance Officer, Nancy Jacobson Paley at (212) 224-9500 or by email at [ir@octavian.com](mailto:ir@octavian.com).

### Participation or Interest in Client Transactions and Personal Trading

Our Code of Ethics is designed to ensure that the personal securities transactions of our affiliates, officers and employees (and members of their families) do not conflict with transactions effected on behalf of our clients. Employees must (i) place the interests of clients first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code of Ethics. As required by Rule 204A-1 of the Advisers Act, we require our access persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon becoming an access person and on an annual basis thereafter. We also restrict the personal trading of access persons and require that access persons pre-clear certain transactions with the Chief Compliance Officer. Lastly, we maintain a restricted list containing the names of securities which access persons are prohibited from trading.

Employees of our firm do not recommend to our clients, nor do they buy or sell for our clients' accounts, securities in which they have a material financial interest.

In limited circumstances, our employees may personally invest in the same securities, or related securities, in which we invest for our clients. Also, under limited circumstances, our employees may trade securities for their personal accounts at or about the same time that we buy or sell the same securities for our clients. This could create a conflict of interest if our employees receive more favorable execution prices than our clients.

We mitigate any conflict of interest by restricting the securities in which our employees may invest. Our employees may only trade government bonds (including municipal bonds), mutual funds and highly liquid exchange traded funds, and other pooled investment entities.

Employees must obtain approval from our Chief Compliance Officer prior to investing in an initial public offering or a private placement. Although our employees may continue to hold investments they held prior to commencement of employment at our firm (i.e. a pre-existing position), they must obtain approval from the Chief Compliance Office prior to selling a pre-existing position.

## **12. BROKERAGE PRACTICES**

We have a duty to obtain best execution in effecting transactions on behalf of our clients. In selecting brokers or dealers to execute transactions, we are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission. In selecting the counterparties to execute a particular transaction, we use our best judgment in evaluating the terms of the transaction, and give consideration to various relevant factors, which generally will include: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research, brokerage or other services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

Research and related services furnished by brokers will be limited to services which constitute research or brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. Information so received is in addition to and not in lieu of services required to be performed by us, and our fees are not reduced as a consequence of the receipt of such supplemental research information. The availability of these benefits may influence us to select one broker rather than another to perform services for the client, based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices.

The research services that broker-dealers have provided include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; discussions with research personnel; and invitations to attend conferences or meetings.

Research services provided by the broker-dealers used by the client may be utilized by us or our affiliates in connection with investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by us in performing their services for the client. Selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

We may place transactions with a broker or dealer that (i) provides us with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the funds (or an affiliate). We will not allocate fund brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are consistent with seeking best execution.

We maintain internal policies related to the allocation of investment opportunities among our fund clients. The funds generally invest pro-rata. However, the funds may invest in a manner that is not pro-rata, depending on the circumstances. This includes instances where an investment opportunity is not suitable for all of our fund clients' investment strategies, concentration limits, capacity, risk profiles and other factors. When we determine that it would be appropriate for two or more client accounts to participate in an investment opportunity, we will seek to execute orders for all of the participating investment accounts on an equitable basis. If we have determined to invest at the same time for two or more client accounts, we will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, we will allocate the trade among the different accounts on a basis that we considers equitable. Situations may occur where one of our clients could be disadvantaged because of our investment activities conducted on behalf of one or more of our other clients.

### **13. REVIEW OF ACCOUNTS**

Richard A. Hurowitz, our Chief Executive Officer and Chief Investment Officer, also serves as the chief risk manager. In addition to reviewing the funds' portfolio on a regular basis, Mr. Hurowitz consults with the senior investment professionals and the traders on a daily basis to review and monitor various risk metrics, exposures in the portfolio, capital at risk and various hedges.

In addition, the Chief Compliance Officer or her designee will periodically review the trade policies and procedures to ensure that it represents our current practices and (to the best of her reasonable knowledge and belief) is in conformity with applicable law and regulations.

Generally, investors in the funds receive unaudited quarterly and/or monthly account statements as well as annual audited financial statements. Additionally, investors may receive monthly updates and periodic newsletters.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

We have entered into a third party solicitation arrangement in connection with the offering of interests/shares in certain funds and may enter into other such arrangements. Such third party solicitation arrangement is in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, to the extent Rule 206(4)-3 is applicable to such arrangements (taking into account current SEC guidance). The compensation for referrals is based upon a percentage of fees and/or assets we receive from investors in our fund clients introduced to us by the referring party for a period of time.

### **15. CUSTODY**

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of the funds' assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access their funds and deduct fees and expenses from their accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all client assets. The funds' administrator sends monthly statements to the funds' investors. Clients should carefully review these statements.

In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit the funds' accounts at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the funds as soon as practicable after the end of the fiscal year.

## **16. INVESTMENT DISCRETION**

Our investment advisory contracts contain language whereby the client grants us broad discretionary power to manage the account. While the client may not place limitations on this authority, we adhere to the investment strategy set forth in each fund's offering memorandum.

## **17. VOTING CLIENT SECURITIES**

We have adopted proxy voting procedures that are designed to ensure that in cases where we vote proxies with respect to our clients' securities, such proxies are voted in the clients' best interests. Clients cannot direct our vote in a particular solicitation. The procedures also require that we identify and address conflicts of interest between us or a related person and our clients. If a material conflict of interest is identified, we will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of our clients or whether taking some other action may be more appropriate. In particular, it should also be noted that we have the discretion to refrain from voting proxies when it is in the best interests of our clients.

We keep a record of our proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and our response for the previous five years.

If you have any questions about our proxy policy, our proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted or a copy of our proxy voting policies and procedures, please contact Nancy Jacobson Paley at (212) 224-9500 or by email at [ir@octavian.com](mailto:ir@octavian.com).

## **18. FINANCIAL INFORMATION**

We are not currently aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.