

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**  
**PART 2A: FIRM BROCHURE**

**Arunvill Capital UK Limited**

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*This brochure provides information about the qualifications and business practices of Arunvill Capital UK Limited, an investment adviser registered with the United States Securities and Exchange Commission (the ("SEC")). If you have any questions about the contents of this brochure, please contact Duncan Heyes, our Chief Compliance Officer, at 00 44 207 382 8601 or at [dhey@arunvill.com](mailto:dhey@arunvill.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. Registration with the SEC does not imply a certain level of skill or training.*

## ITEM 2: MATERIAL CHANGES

*Further to Arunvill Capital's initial application and post it's financial year end in March the brochure has been reviewed and the document has been updated to reflect a change in assets under management as at end March 2012. No other material changes have occurred.*

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

### **ITEM 3: TABLE OF CONTENTS**

<b>Topic</b>	<b>Page No.</b>
<b>Item 1:</b> Cover Page .....	1
<b>Item 2:</b> Material Changes.....	2
<b>Item 3:</b> Table of Contents .....	3
<b>Item 4:</b> Advisory Business .....	4
<b>Item 5:</b> Fees and Compensation .....	4
<b>Item 6:</b> Performance-based Fees and Side by Side Management .....	5
<b>Item 7:</b> Types of Clients.....	5
<b>Item 8:</b> Methods of Analysis, Investment Strategies, and Risk of Loss .....	5
<b>Item 9:</b> Disciplinary Information .....	6
<b>Item 10:</b> Other Financial Industry Activities and Affiliations .....	6
<b>Item 11:</b> Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	6
<b>Item 12:</b> Brokerage Practices .....	7
<b>Item 13:</b> Review of Accounts .....	8
<b>Item 14:</b> Client Referrals and Other Compensation.....	8
<b>Item 15:</b> Custody.....	8
<b>Item 16:</b> Investment Discretion.....	8
<b>Item 17:</b> Voting Client Securities .....	9
<b>Item 18:</b> Financial Information .....	9

## ITEM 4: ADVISORY BUSINESS

Arunvill Capital UK Limited (“ACUK”), a limited company incorporated and organized in the UK, is a non U.S. based investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) that is wholly-owned by Arunvill Capital Limited. The ultimate beneficial owners of Arunvill Capital Limited are Paul Mora and Martin Shields each with a 48% equity holding. ACUK commenced operations in April 2009. The company is registered with the United Kingdom Financial Services Authority as an investment adviser.

ACUK provides discretionary fund management and related advisory services to its clients. Its clients comprise a number of funds across several jurisdictions including Ireland, Gibraltar, Malta and Germany.

Discretionary fund management is conducted in accordance with investment guidelines that are agreed with clients and tailored to meet the investment criteria and objectives of each client. Having appointed ACUK as investment manager clients have no ability to restrict the types of investment ACUK makes.

As of 31/12/2011 our assets under management across the funds were \$143,908,492 managed on a discretionary basis.

## ITEM 5: FEES AND COMPENSATION

ACUK receives Investment Management fees from its clients. Fees are tailored to meet the requirements of each client and are typically based either on (i) a fixed amount per annum and / or (ii) a percentage of assets under management. ACUK will negotiate fees with its clients. Fees are paid in arrears or a pre agreed periodic basis eg monthly/quarterly. Funds that are managed by ACUK also incur brokerage, financing and other transaction costs. Additionally other fees and expenses payable by funds include (i) the legal and other organizational expenses incurred in forming the Fund and related entities and obtaining commitments from the investors (“**Organizational Expenses**”) and (ii) all costs and expenses relating to such Fund’s operations, including, but not limited to: (a) legal, auditing, consulting, third party administration and accounting fees and expenses (including costs of reports to the investors, financial statements, tax returns and K-1s); (b) expenses of any meetings of such fund’s advisory committee (if any) and of investors; (c) all expenses associated with the consideration, acquisition, holding and disposition of its proposed or actual investments, including, without limitation, any and all costs associated with alternative investment vehicles and any holding vehicles, insurance, indemnification and other unreimbursed expenses; (d) all extraordinary expenses (such as litigation); (e) interest on and fees and expenses arising out of all permitted borrowings made by the Fund; (f) all third party expenses relating to unconsummated transactions; (g) all expenses of liquidating such Fund; and (h) any taxes, fees or other governmental charges levied against such Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund (“**Operating Expenses**” and, together with Organizational Expenses and the Management Fee, “**Fund Expenses**”).

No supervised person of ACUK accepts compensation for the sale of securities or other investment products.

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

The charging methodology of ACUK does not incorporate a performance based fee. However, ACUK or its affiliates may invest in funds that they manage alongside third party investors.

ACUK may provide investment management services to a number of funds that pursue similar strategies. Where such funds are subject to different fee structures and / or co-investment by ACUK or its affiliates, this may create an incentive for ACUK to allocate transactions to one fund in preference to another fund. ACUK manages the allocation of transactions between funds in accordance with its Allocation Policy, a copy of which is available to clients and potential clients from Duncan Heyes at 00 44 207 382 8601 or at [dheyes@arunvill.com](mailto:dheyes@arunvill.com).

## **ITEM 7: TYPES OF CLIENTS**

The clients of ACUK consist of a number of funds. The funds which ACUK is appointed portfolio manager are typically only available to experienced investors and are subject to minimum investment criteria which are set out in the relevant offering documents.

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

ACUK specializes in providing market neutral investment strategies. Market risk is hedged through purchasing or selling exchange trades and over-the-counter futures and other derivatives. ACUK seeks to make positive returns from the difference between the market price of listed shares and the prices implied in the corresponding derivatives markets.

### **Risk of Loss:**

The success of the strategy depends on the ability to identify overvalued and undervalued investment opportunities and to capitalize on price discrepancies in the financial markets, as well as to assess the import of news and events that may affect financial markets. The main risk factors are:

- **Borrowing:** The use of borrowing creates an opportunity for greater yield and total return but, at the same time, increase the exposure to capital risk and interest costs.
- **Business Risk:** ACUK has limited operating history as an organization and there is therefore lack of any past performance for this operating entity. It is noted, however, that the individuals within ACUK have substantial experience in the investment community.
- **Tax risk:** One of the factors that determine the pricing of shares in the derivatives market is the value placed on any future dividends. The success of ACUK's investment strategies in part depends on its ability to obtain the maximum value from any dividends that are received by funds that it manages. This includes the ability to claim relief, where possible, for any taxes withheld on these dividends. The timing of tax reclaims can be uncertain, which may result in a delay in funds realizing their returns and reclaims may ultimately be disputed or denied by the relevant tax authorities. ACUK seeks to mitigate this risk by obtaining legal opinions confirming the expected tax treatment prior to entering into transactions.

- **Arbitrage Transaction Risks:** If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.
- **Hedging.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser’s investment portfolios than if the Adviser did not engage in any such hedging transactions.]

A more developed explanation of all potential risk factors associated with an investment is typically contained in the prospectus for the relevant fund.

## **ITEM 9: DISCIPLINARY INFORMATION**

Neither ACUK nor any of its associated persons have been involved in any material legal or disciplinary events that would be material to your evaluation of ACUK or the integrity of ACUK’s management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Affiliates may choose to invest in client funds alongside third party investors and/or invest their own assets in similar trading strategies. ACUK discloses such potential investments in the Investment Advisory Agreements it enters into with its clients.

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

ACUK has adopted a Code of Ethics (contained in its Compliance Manual) for all supervised persons describing its high standard of business conduct. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of client information; prohibitions on insider trading, restrictions on the acceptance of significant gifts; reporting of certain gifts, outside activities and political contributions; and personal securities trading by its principals, employees and related persons (“**Employees**”).

ACUKs’ Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of ACUK’s Employees will not interfere with making decisions in the best interest of advisory clients. ACUK has adopted the following procedures to address conflicts of interest arising from personal account trading (such as market manipulation, front-running, insider trading or trading on rumors, having an effect on the price of a security).

Employees are permitted to maintain personal trading accounts provided that such accounts are disclosed to ACUK. Any personal trading by Employees must be consistent with applicable law and with the Code of Ethics. Subject to compliance with applicable laws, rules and regulations and the Code of Ethics, Employees may buy, sell or hold for their own personal trading accounts securities that ACUK also may buy, sell or hold for Clients, subject to approval by ACUK’s Chief Compliance Officer, and a

determination that no conflict of interest exists and that the Employee's purchase, sale or holding of such investment would not adversely affect ACUK's clients.

The Code of Ethics and Compliance Manual contain policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- prohibit trading on the basis of material nonpublic information;
- require pre-clearance the Chief Compliance Officer (or his designee) for the purchase of any Covered Securities (not prohibited), including, debt and equity securities, options, futures, commodities, derivatives, limited partnerships, liability company interests, hedge fund interests, foreign unit trusts, foreign mutual funds, privately placed securities and ETF's that are organized as unit investment trusts or as open-end mutual funds and "new issues;"
- require initial and annual reports of securities holdings by Employees, as well as copies of monthly and/or quarterly account statements and trade confirmations;
- prohibit trading by employees of securities of any issuers on ACUK's Restricted List and any Covered Securities that are currently held in the portfolio of any Fund(s) or any Covered Securities being analyzed or recommended for a transaction in the portfolio of any Fund(s); and
- require monitoring by the Chief Compliance Officer every month to ensure compliance with the Code of Ethics.

In addition, ACUK's Code of Ethics addresses misappropriation of material nonpublic or proprietary information (e.g. insider trading) and outside business activities. ACUK's insider trading prohibitions (i) apply to all Employees, (ii) extend to activities within and outside their duties as Employees of ACUK, and (iii) apply to investment-related information that is internal to ACUK. Employees are permitted to engage in limited outside business activities (with prior consent of the Chief Compliance Officer) provided these activities do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities. ACUK's Employees are required to certify annually as to their compliance with the Code of Ethics and Compliance Manual, including insider-trading policies.

Fund investors or prospective investors may request a copy of ACUK's Code of Ethics and excerpts of the Compliance Manual by contacting Duncan Heyes, ACUK's Chief Compliance Officer, at 00 44 207 382 8601 or by e-mail at [dheyes@arunvill.com](mailto:dheyes@arunvill.com).

## **ITEM 12: BROKERAGE PRACTICES**

ACUK from time to time arranges for prime brokers to be appointed on behalf of the funds that it manages. The services provided by the prime brokers include the provision of margin financing, clearing, settlement and stock borrowing. Prime brokerage agreements are typically entered into directly between the prime broker and the funds.

**Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**  
The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or

series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a *client* may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Portfolio Managers meet periodically to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

**Order Aggregation.** It is the Adviser's practice to not aggregate, even when possible, client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. Rather, the Adviser places client trades on an individual basis and does not attempt to group orders for multiple clients for the same security and type of trade in a single, combined order. Because the Adviser does not engage in the practice of aggregating client orders, clients may not receive the potential benefits of aggregation, such as lower commission rates and uniform/favorable pricing. As a result, the client may pay a higher commission rate and receive less favorable prices than if the Adviser aggregated client orders.

### **ITEM 13: REVIEW OF ACCOUNTS**

Accounts are regularly monitored and Reviews are conducted on an on-going basis.

Both ACUK and its clients receive monthly and/or quarterly unaudited financial statements for the funds that are managed by ACUK. Investors in each fund also receive an annual audited financial statement. These reports are reviewed by ACUK and their performance compared to the projected returns for each fund.

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

ACUK has no arrangements whereby a party who is not a client compensates or otherwise provides an economic benefit to ACUK for providing services to clients.

### **ITEM 15: CUSTODY**

Not applicable.

### **ITEM 16: INVESTMENT DISCRETION**

Subject to compliance with the Investment Management Agreement and Fund Prospectus (which sets forth the investment objectives and guidelines) ACUK generally has unlimited discretion to manage securities accounts on behalf of its clients. ACUK may select brokers and dealers to execute portfolio trades for these client accounts. ACUK has discretion to determine the investments to be made, the amounts of investments to be made, and the price and timing of purchases and sales.



### **ITEM 17: VOTING CLIENT SECURITIES**

ACUK's policy is to exercise its discretion to vote proxies for client securities.

### **ITEM 18: FINANCIAL INFORMATION**

ACUK is not aware of any financial condition that is reasonably likely to impair its ability to satisfy its contractual commitments to its clients.