

# Artis Advisors, LLC

## Part 2A of Form ADV

### Firm Brochure

May 14, 2013

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This firm brochure (this “**Brochure**”) provides information about the qualifications and business practices of Artis Advisors, LLC, a Massachusetts limited liability company (hereinafter “**Artis**” or “**we**” or “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact the Firm at 415-744-1424 or [JACOBSON@ARTISADVISORS.COM](mailto:JACOBSON@ARTISADVISORS.COM). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Additional information about Artis is also available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2 Material Changes

The Firm filed its previous Form ADV Part 2A on April 1, 2013. This is an updating amendment. There were several material changes to the Firm's personnel and ownership structure since the date of the previous filing. These include the following:

On the cover page, Artis' office address and contact information have been changed.

In Item 4, reference to Saro Picciotto and Gustavo Aristizabal have been removed as they are no longer serving as officers or directors of Artis nor is Mr. Picciotto otherwise anymore affiliated with Rista Holdings, Inc. ("**Rista**"), the sole member of Artis. Tim Jacobson has been identified as the new President and Chief Compliance Officer of Artis.

In addition, reference to Wainwright Investment Counsel, LLC ("**WIC**"), has been removed as WIC is no longer a member of Rista. Lastly, the common control agreement among Rista, WIC and certain other parties, regarding the management of Artis has been terminated.

Conforming changes to Item 10 have been made to disclose that the common control agreement between WIC and Rista has been terminated and that Mr. Picciotto, Mr. Aristizabal and Mr. Germani are no longer members of Artis' management team.

Likewise, since Mr. Picciotto, Mr. Aristizabal and Mr. Germani are no longer affiliated in any way with Artis, references in Item 10 to formerly affiliated entities: (1) Wainwright Capital Partners, LLC, (2) Wainwright Global Capital and (3) Wainwright Renaissance Fund 1, L.P. have been removed.

There have been no material changes to report about the operations and investment processes of the Firm.

We will ensure that you receive a summary of any materials changes to this Brochure within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, this Brochure may be requested free of charge by contacting Tim Jacobson, Chief Compliance Officer, Artis Advisors, LLC, 777 Mariners Island Blvd, Suite 750, San Mateo, CA 94404, by calling 415-744-1424 or by emailing [JACOBSON@ARTISADVISORS.COM](mailto:JACOBSON@ARTISADVISORS.COM).

Additional information about Artis is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Artis who are registered, or are required to be registered, as investment advisor representatives of Artis.

<b>Item 3 Table of Contents</b>	<b>Page</b>
Item 1 Cover Page	1
Item 2 Material Changes	2
Item 3 Table of Contents	3
Item 4 Advisory Business	4
Item 5 Fees and Compensation	8
Item 6 Performance-Based Fees and Side-By-Side Management	11
Item 7 Types of Clients	12
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9 Disciplinary Information	16
Item 10 Other Financial Industry Activities and Affiliations	17
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	19
Item 12 Brokerage Practices	21
Item 13 Review of Accounts	22
Item 14 Client Referrals and Other Compensation	23
Item 15 Custody	24
Item 16 Investment Discretion	25
Item 17 Voting Client Securities	26
Item 18 Financial Information	27
Item 19 Requirements for State-Registered Advisers	28

## Item 4 Advisory Business

Artis began conducting its investment advisory business in early 2012.

Tim Jacobson has overall responsibility for the investment advice given to Clients (defined below) by Artis and by advisors employed by Artis. Tim Jacobson is the President and Chief Compliance Officer of Artis.

Artis' sole member is Rista Holdings, Inc., a Delaware corporation ("**Rista**"). Mark Rogers and Steven Hotovec are officers of Rista and each own 25%, but do not have voting rights, of the equity in Rista.

The Firm provides investment advisory services to pooled investment vehicles, such as hedge funds (each, a "**Fund**" and collectively, the "**Funds**"), as well as to institutions, high net worth individuals, pension and profit-sharing plans, employee benefit plans, charitable institutions, endowments, trusts, estates, corporations, and partnerships (together with the Funds, the "**Clients**"), that are exempt from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and whose securities are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"). The Firm tailors its advisory services to the individual strategy, investment objectives and/or needs of its Clients and our investment team manages the Firm's portfolios according to the investment strategy, investment objective and portfolio guidelines set forth in each Client's investment management agreement (each, a "**Client Agreement**"). Our Clients may impose restrictions around investing in certain securities, sectors or strategies and may set certain risk parameters; such restrictions vary for each Client.

Artis provides several advisory services separately or in combination to its Clients:

### A. Asset Management Consulting Services

Artis offers management consulting services to Clients through its selection and monitoring of investment managers (the "**Managers**") using the Firm's Risk-Managed Account Approach (the "**RMA Program**"). The Firm periodically monitors the performance of the Managers. Artis also maintains authority to terminate the relationship with an underlying Manager in accordance with the terms set forth in the Client Agreement. Asset management consulting services may be comprised of three (3) distinct services described below. Clients may contract with Artis to receive any combination or all of these services on a discretionary or non-discretionary basis. For the discretionary accounts, the Firm has the Client's written authority to hire Managers without obtaining the Client's consent in advance. For "non-discretionary" accounts, the Firm must obtain the Client's approval for hiring managers prior to execution or implementation.

Artis can provide these services for a single engagement, for a specific time period, or on an ongoing basis.

1. Investment Policy Statement (“IPS”) Preparation

Representatives of the Firm will meet with the Client to determine an appropriate investment strategy that reflects the Client’s stated investment objectives for management of the overall plan. On a case by case basis, the Firm may prepare an IPS that details the Client’s needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing intervals for monitoring of investment performance. Not every asset management consulting services Client receives this particular service.

2. Asset Allocation Study

This service provides the Client with an asset allocation strategy developed after goals and objectives are identified and established based on the Client’s particular circumstances. If appropriate, this asset allocation strategy is drafted into the Client’s IPS or other documentation. Representatives of the Firm will then review various managers or funds in order to determine which investments are appropriate to implement the Client’s IPS. The number and type of investments to be recommended will be determined by the Client. Not every asset management consulting services Client receives this particular service.

3. Manager Selection and Manager Monitoring

Artis offers management consulting services to Clients through its selection and monitoring of investment managers. Based on the Client’s individual circumstances and needs, the Firm will perform manager searches of various unaffiliated investment managers to identify investment managers whose portfolio management style may be appropriate for the Client. Factors considered in making this determination include account size, goals, risk tolerance, the opinion of each Client, and the investment philosophy of the selected manager. Depending on the needs of the Client, this service may result in the selection of a single or multiple managers. Clients should refer to each selected manager’s Firm Brochure and other disclosure documents for a full description of the services offered by each manager. Representatives of the Firm are available to meet with Clients on a regular basis, or as agreed to with the Client, to review the account. Not every asset management consulting services Client receives this particular service.

Artis monitors the performance of the selected manager(s). If the Firm determines that a particular selected manager is not providing adequate investment management services, the Firm may suggest that the Client consider curtailing its use of the manager or contracting with a different manager. Under this scenario, Artis could select a new manager on behalf of its discretionary Clients and/or assist in selecting a new manager on behalf of its non-discretionary Clients.

## **B. Investment Supervisory Services and Individual Portfolio Management**

Artis provides investment advice on Client accounts based on the individual needs of the Client. Depending on the Client Agreement, a Client may elect to have the Firm perform this service on a discretionary or non-discretionary basis. Artis manages Client accounts on a discretionary basis where the Client has given the Firm written authority to make investments in and for the Client's accounts without obtaining the Client's consent for each transaction in advance. For "non-discretionary" accounts, the Firm must obtain the Client's approval for transactions prior to execution or implementation.

During Artis' data-gathering process, the Firm determines the Client's particular investment objectives, time horizons, return objectives, risk tolerance, and liquidity needs. As appropriate, representatives of the Firm may also review and discuss the Client's prior investment history, as well as other relevant information and circumstances. Unless the Client Agreement provides for this service, the Client's portfolio is generally not managed for tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Any such restrictions must be agreed to in writing by the Client and the Firm.

Once the Client's portfolio has been established, Artis monitors the Client's portfolio and as necessary makes changes to, or rebalance, the portfolio, based on the Client's individual needs as specified in the Client's IPS (if applicable) and the Client Agreement.

Artis' investment advice and selections are not limited to any specific product or service offered by an investment adviser, fund, or broker-dealer and may include advice regarding any of the following types of securities, as well as other security types not listed below:

Exchange-listed securities	United States government securities
Securities traded over-the-counter	Options contracts on securities
Foreign issuers	Futures contracts on tangibles
Warrants	Futures contracts on intangibles
Corporate debt securities (other than commercial paper)	Interests in partnerships investing in real estate
Commercial paper	Interests in partnerships investing in private equity
Certificates of deposit	Interests in partnerships, hedge funds or fund of funds
Municipal securities	Investment Company Securities

At the Client's request, other alternative investments may be recommended, which could include, but are not limited to, private equity, hedge funds, venture capital, and leveraged buy-out funds.

Because some types of investments involve additional degrees of risk, they will only be recommended or implemented when consistent with the Client's stated investment objectives, risk tolerance, liquidity, and other constraints.

Artis' total assets under management as of March 28, 2013, are approximately **\$12,182,793**.

## Item 5 Fees and Compensation

### Artis' Investment Advisory Fees

Under the terms of the Client Agreement, the Client will pay the Firm advisory fees on a quarterly basis (either in advance or in arrears of the service being rendered to the Client). This means that the advisory fee for each calendar quarter will be debited from the Client's account (with a prime broker, broker, or custodian) and paid to Artis (or in the case of a Fund, to the General Partner) based on the closing balance of the last day of the previous calendar quarter. For Clients that open an account other than at the start of a new quarter, the fee will be pro-rated based on the number of days remaining in the quarter.

### Termination of the Advisory Relationship

The Client Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice or as otherwise set forth in the relevant Client Agreement. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid and unearned fees will be refunded promptly to the Client. In calculating a Client's reimbursement of fees the Firm will pro-rate the reimbursement according to the number of days remaining in the quarterly billing period.

### Other Manager Fees

Clients whose assets are managed by managers other than Artis will be charged separate management and incentive fees by those managers. The Firm will review with Clients any separate management and incentive fees that may be charged to Clients. Alternatively, Artis may charge Clients a management and/or incentive fee that is inclusive of any fees to be charged by Artis and the fees charged by third party managers. For example, Artis could charge a Client a 2% management fee and a 20% incentive (performance) fee that is inclusive of the third party managers fees (management and incentive fees).

### Other Fees and Expenses

The following is a list of the other types of fees and expenses that our Clients may pay in connection with our advisory services (this list is a general guideline and may not contemplate every possible expense a Client or fund may incur):

- all costs incurred in connection with the offering of their interests or shares to investors;
- all costs associated with their investment program, including among others: (a) transaction costs and investment-related expenses in connection with their investment and trading activities, (b) fees and costs involved in investing in any other investment vehicle, and (c) professional fees and expenses for attorneys, accountants, administrators, appraisers, risk management consultants and other consultants (*e.g.*, external firms that provide investigative services or due diligence reviews on prospective managers), as needed;
- all costs relating to their account administration and operations, including among others: fees and expenses of the administrator and custodian; professional fees and expenses of auditors and legal counsel; government filing and registration fees; costs



of communications with investors and prospective investors; all interest, fees and costs of fund-related borrowings; the costs of insurance obtained for their protection or the protection of their investors; expenses of any advisory committees; expenses such as litigation and indemnification; and certain operating and overhead expenses not paid by us;

With respect to brokerage commissions noted above, please refer to Item 12 below.

#### Advisory Fees in General

Clients should note that similar advisory services may or may not be available from other registered or unregistered investment advisers and asset managers for similar or lower fees. The Firm's advisory fees may be negotiated on a case by case basis.

#### Fees for Specific Programs and Services

##### **A. Fees for Selection and Monitoring of Asset Managers**

Client accounts that receive RMA Program services are subject to the following fee schedule:

- a. Management fees: these are fees charged for the ongoing service by the Firm of the assets under the management. Artis may generally charge an annual management fee equal to 2% of the Client assets it manages. This fee will be charged on a quarterly basis (either in advance or in arrears). Although this is generally the management fee charged the fee may be negotiated on a case-by-case basis.
- b. Performance fees: these fees are a percentage of the profits or capital gains in the account on an annual basis. Artis (or its affiliate) may generally be entitled to a performance fee equal to 20% of the capital gain in the Client account each year, net of applicable trading and related costs, and management fees. Artis has the ability to negotiate performance fees on a case-by-case basis.

*Total fees for RMA Program Accounts*: RMA Program Client accounts will generally be assessed a quarterly management fee and an annual performance fee. These fees are further detailed in the Client Agreement that each Client executes with Artis.

The RMA Program fees are the fees charged by Artis and include all fees and incentive fees charged by the underlying managers. There may be other fees, not included in the RMA Program fees that the Client will pay in addition to the fees charged by Artis. These may include, but are not limited to, technology access, platform, and other fees charged to the Client by third-parties, including by prime brokers, brokers, custodians, and other service providers that may be necessary in order to achieve the full RMA Program functionality.

##### **B. Fees for Asset Management Consulting Services**

The annual compensation for the Firm's consulting services is based on a percentage of the Client's asset values. The asset values are calculated by the investment managers or custodians for the Client account(s). The Firm's fees are in addition to the investment management fees charged by the portfolio's underlying managers. The Firm's consulting fees

reflect all time spent by the Firm gathering and compiling Client information, conferring with the Client, and/or any other activities directly associated with carrying out the Firm's obligations under the Client Agreement.

The Firm will generally charge annual consulting fees that range from 0.20% to 0.75% of assets for accounts greater than \$50 million. Accounts less than \$50 million will generally be accepted on a case by case basis and the annual consulting fees will be negotiated. The Firm's consultant fees are to be paid quarterly in advance through direct debiting of an account, unless an invoice billing process is specifically agreed to with the Client.

### **C. Fees for Investment Supervisory Services and Individual Portfolio Management**

Fees for investment supervisory services and individual portfolio management are quoted as a fixed percentage on an annual basis, but calculated and assessed in advance on a quarterly basis. The fixed advisory fee is generally between 1% and 2% on all portfolio assets. These fees may be negotiated on a case by case basis.

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

As disclosed in Item 5, Artis may accept performance-based fees from a Client under certain circumstances. Performance-based fees are calculated based on a share of capital gains or capital appreciation of the Client's account. The fee is calculated and assessed on an annual basis. To qualify for a performance-based fee arrangement, a Client must meet the definition of a "*qualified client*" under Rule 205-3 of the Investment Advisers Act and demonstrate a net worth of at least \$2 million or must have at least \$1 million under management with Artis immediately after entering into the Client Agreement and investing with Artis.

Clients should be aware that performance-based fee arrangements may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, as the Firm also has Clients that do not pay performance-based fees, the Firm has a possible incentive to favor Clients that pay such fees because the compensation that the Firm may receive from these Clients is more directly tied to the performance of their accounts.

## Item 7 Types of Clients

Presently, Artis provides investment advisory services to only one Fund. In the future, Artis expects to also advise other Clients, including separately managed accounts and other pooled investment vehicles.

Investment advice is provided directly to the Fund. Investors in the Fund are generally “*qualified purchasers*” as defined in the Investment Company Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, sovereign wealth funds, limited partnerships and limited liability companies.

The Fund has a minimum investment commitment. The general partner or board of directors of the Fund, as the case may be, may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of the Fund.

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

Artis uses the following methods of analysis in formulating its investment programs and selecting appropriate Managers for its Clients:

### Investment Manager Analysis

The Firm examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if the Manager has demonstrated an ability to invest over a period of time and in different economic conditions. The Firm monitors various aspects of the Manager, including, among other things, underlying holdings, strategies, concentrations, and leverage as part of the Firm's overall on-going risk assessment. Additionally, as part of its due-diligence process, the Firm surveys the Manager's compliance and business enterprise risks.

### Asset Allocation

Rather than focusing primarily on securities selection, the Firm attempts to identify an appropriate allocation of alternative and/or traditional asset classes that are appropriate for the Client's investment goals and risk tolerance. A risk of asset allocation is that the Client may not participate in sharp market movements. Another risk is that the portfolio is not rebalanced on a timely basis and, if not corrected, will no longer be appropriate for the Client.

### Risks – General

Artis develops investment strategy allocations aimed at meeting client-specific objectives and constraints through third-party Managers. All investments involve some degree of risk. While the Firm's investment approach seeks to manage losses, no approach, including the Firm's, can eliminate it or in any instance successfully mitigate risk. Artis manages risk according to each Client's investment objectives and risk tolerance by: (1) diversifying portfolios in terms of managers and strategies; (2) knowing and understanding the investments made; and (3) monitoring Clients' investments on an ongoing basis. The Firm in no way guarantees performance or results. Investors should always be aware of the following risks:

### Market Risk

The potential for a decline in the value of investments over time due to economic changes that impact large portions of the market.

### Inflation Risk

The potential decrease in value and/or purchasing power of an investment due to general upward price movement of goods and services.

### Interest Rate Risk

The potential reduction in value of an asset – particularly a bond – resulting from a rise in interest rates.

### Currency Risk

The possibility that a business' operations or an investment's value will be affected by changes in exchange rates.

#### Business Risk

The potential loss in value of a company due to events and conditions associated with a particular industry or the issuer itself.

#### Liquidity Risk

The potential difficulty in liquidating a third-party Manager's portfolio.

#### Limited Operating History

The Firm has been in operation for less than one year. Any prior performance of the Principals, affiliates or any Manager is not indicative of the results each may achieve for a Client in the future. As such, there can be no assurances that the Firm will be able to implement its investment strategy or achieve the Client's investment objective.

#### Manager Conflicts

Conflicts of interest may arise from the fact that third party investment Managers can carry on investment activities for their own accounts and for other clients in which a Client has no interest.

#### Competition Among Third Party Investment Managers

Third party investment Managers trade independently of each other and may place orders for a Fund that "compete" with each other for execution or that cause a Client to establish positions that offset or hedge each other (in which case a Client would incur fees without the potential for a profit).

#### Cross-Third Party Investment Manager Risk; Cross-Class Liability

As a Fund is a single legal entity, once the losses and other liabilities associated with one account have exhausted both the applicable Special Limited Partner's At-Risk Capital Amount (as defined in the partnership agreement for such fund) and a Fund's investment in such account, they will affect the Fund's investment in other accounts and its separately-held assets, if any. In extreme conditions, one very badly managed account can reduce or eliminate the equity of a Fund in all other accounts the Fund owns.

#### Performance Allocation

The Performance Allocation creates an incentive for the Firm, which may be an affiliate of one or more of the general partners of a Fund, to effect allocations to strategies that are or may be riskier or more speculative than would be the case in the absence of such an allocation. Additionally, since the Performance Allocation is calculated on a basis that includes unrealized appreciation of a Fund's assets, such allocation may be greater than if it were based solely on realized gains.

#### Supervision of Trading Operations

Artis, with assistance from brokerage and clearing firms that its Clients utilize as well as other service providers, intends to supervise and monitor trading activity in a Client account to ensure compliance with a Client's objectives. Despite these efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in a Client's account.

#### Broad Discretionary Power to Choose Investments and Strategies

The standard Client Agreement gives the Firm broad discretionary power to decide what investments a Client will make and what strategies it will use.

#### No Minimum Size of Client Account

A Client (in particular, a Fund) may begin and continue operations without attaining or maintaining any particular level of capitalization. At low asset levels, a Client account may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale. It is possible that even if a Client account operates for a period with substantial capital, investors' withdrawals could diminish a Client's assets to a level that does not permit the most efficient and effective implementation of the Firm's recommended investment program. As a result of losses or withdrawals, a Client account may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Firm.

#### Limitation of Liability and Indemnification of the Firm and its Affiliates

The standard partnership agreement of a Fund customarily provides that none of the Firm (as investment manager to such Fund), its Principals or any of the Firm's affiliates will be liable to a Fund or the limited partners of such Fund for any action or inaction in connection with the business and affairs of such Fund unless such action or inaction is determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. A Fund (but not its limited partners individually) is obligated to indemnify the Firm, its Principals and the Firm's affiliates from and against any and all claims, liabilities, obligations, judgments, suits, proceedings, actions, demands, losses, costs, expenses (including attorneys' fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding (made or threatened) related to any action or inaction by any of them in connection with the business and affairs of a Fund (including the settlement or appeal of any such claim or legal proceeding); *provided* that such indemnity will not extend to conduct determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. The standard Client Agreement also provides similar protections to the Firm. Therefore, a Fund's limited partner may have a more limited right of action against the Firm, its Principals and the Firm's affiliates than such limited partner would have had absent these provisions in the standard Client Agreement. It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.

#### Delayed Schedule K-1s

The general partner to a Fund managed by Artis will endeavor to provide a Schedule K-1 to each Fund's limited partners for any given calendar year prior to April 15 of the following year. In the event that the Schedule K-1 is not available by such date, a limited partner may have to request an extension of time to file or may have to pay taxes based on an estimated amount.

**Item 9 Disciplinary Information**

This item is not applicable to Artis.



## Item 10 Other Financial Industry Activities and Affiliations

Taris Management, LLC, a Delaware limited liability company ("**Taris**"), is the general partner of ASI Opportunity Fund I, L.P., a Delaware limited partnership, and a Fund advised by Artis. Taris is wholly owned by Rista. The manager and Chief Executive Officer of Taris is Mark Rogers.

A list of all private funds managed by Artis is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of the Firm's Form ADV can be accessed by following the directions provided on the Cover Page of this Brochure. Artis does not invest its Clients in the Funds. Clients interested in investing in a Fund should refer to such Fund's private placement memorandum for more information.

### Alchemy Alternatives, Inc.

Alchemy Alternatives, Inc., a California corporation ("**Alchemy BD**"), is a FINRA-registered broker-dealer. Mark Rogers and Steven Hotovec, who are shareholders and officers of Rista, are shareholders, sole directors and officers of Alchemy BD. Alchemy BD will not provide any services to Artis. Artis does not direct Clients to Alchemy BD. Alchemy BD may provide services to a Fund at the sole direction of Taris, in its capacity as general partner of such Fund.

Presently, Alchemy BD has entered into referral/commission sharing arrangements with the prime broker of ASI Opportunity Fund I, L.P., and is expected to enter into additional referral/commission sharing arrangements with other broker-dealers with whom ASI Opportunity Fund I, L.P. may trade. Alchemy BD is a registered broker dealer that is a referring broker and may provide services to other Funds at the discretion of such Funds' general partners. Accordingly, Alchemy BD is compensated from other broker dealers for brokerage transactions generated by such Funds. Alchemy BD facilitates relationships with broker-dealers that allow it to access data for reporting and other purposes related to the integration into its affiliate's risk and reporting system. Although Artis does not direct the prime brokerage relationship as it relates to Alchemy BD, it is Artis' understanding that a Fund will not pay Alchemy BD for such services, nor will a Fund pay a higher rate of commission as a result of Alchemy BD's services. ASI Opportunity Fund I, L.P. has entered into a referral agreement with Alchemy BD to facilitate the provision of the aforementioned services. It is Artis' understanding that Alchemy BD shall not at any time provide any trading and/or investment advice, custodianship, and/or execution to ASI Opportunity Fund I, L.P., instead it shall act solely as a referring broker for such Fund. Neither Artis nor any of its affiliated entities (specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B.) have any agreement with Alchemy BD or will realize any direct or indirect benefit from any referral/commission sharing arrangements.

Alchemy BD is a wholly-owned subsidiary of Alchemy Ventures, Inc., a California corporation ("**Alchemy Ventures**"). Mr. Rogers and Mr. Hotovec are the sole shareholders of Alchemy Ventures. Mr. Rogers also acts as its President and Chief Executive Officer and Mr. Hotovec acts as the Chief Operating Officer of Alchemy Ventures.

Alchemy Structured Investments, Inc., a California corporation ("**Alchemy SI**"), is also a wholly-owned subsidiary of Alchemy Ventures. Mr. Rogers is Alchemy SI's President and

Chief Executive Officer and Mr. Hotovec is its Chief Operating Officer.

The extent of the affiliation between Artis on the one hand and Alchemy BD, Alchemy Ventures and Alchemy SI on the other hand is solely common ownership of Rista, the sole member of Artis. Mr. Rogers and Mr. Hotovec, the shareholders of Alchemy BD, Alchemy Ventures and Alchemy SI, and are also shareholders and officers of Rista.

Artis' financial industry affiliations are specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.A., which can be accessed by following the directions provided on the Cover Page of this Brochure.

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

### Code of Ethics

Artis has adopted a Code of Ethics for all employees of the Firm that describes its high standard of business conduct, and fiduciary duty to its Clients. The 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 the reporting of certain gifts and business entertainment items, political contributions, and personal securities trading procedures, among other things. All supervised persons at Artis must acknowledge the terms of the Code of Ethics at least annually, or as amended, if necessary.

Employees at all times must place the interests of the Clients and their investors first. Employees are required to conduct their personal trading so as to avoid any actual or potential conflicts of interest or any abuse of a position of trust or responsibility. Moreover, employees may not take inappropriate advantage of their positions. The Code of Ethics includes policies regarding personal trading by the Firm's employees and members of their immediate families. Employees must report and attest to every account used for the trading of securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must pre-clear covered securities transactions and have copies of periodic account statements sent by their broker to the Firm's compliance department. Trading by employees for their personal accounts is prohibited without pre-clearance by the Firm's Chief Compliance Officer in his sole discretion. A copy of the Code of Ethics is available to any client or prospective client upon request by calling Tim Jacobson at 415-744-1424 or by writing to Tim Jacobson, Chief Compliance Officer, Artis Advisors, LLC, 777 Mariners Island Blvd, Suite 750, San Mateo, CA 94404 or by emailing a request to [JACOBSON@ARTISADVISORS.COM](mailto:JACOBSON@ARTISADVISORS.COM).

### Principal and Agency Transactions

It is the policy of Artis that it will not affect any principal or agency cross securities transactions for Client accounts. Artis will also not cross trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### Conflicts of Interest

Employees of the Firm are instructed to avoid circumstances that could produce conflicts or the appearance of conflicts between their personal interests and those of Artis and its Clients. Employees are instructed to exercise sound judgment before committing to any activity or participating in any transaction that has even the potential to be a conflict. The appearance of a conflict of interest can often be as detrimental as a conflict itself. A conflict

of interest occurs when an individual's private interest interferes with the interests of Artis or its Clients. Such situations might include activities, conduct, or investments that could adversely affect judgment or job performance. Conflicts of interest also arise when an Employee or his or her family receives undisclosed, improper benefits as a result of his or her position with the Firm. Artis urges all employees to seek guidance from the Firm's management and/or the Chief Compliance Officer with respect to issues that may arise. Whether a particular situation may create a potential conflict of interest, or the appearance of such a conflict, may not always be evident.

## Item 12 Brokerage Practices

Currently, the Firm does not have any soft dollar arrangements nor does the Firm otherwise take into account research and non-execution services in selecting brokers to execute Client transactions. Artis does not presently select its Clients' brokers.

In the future, Artis may have discretion with certain advisory accounts to determine the broker or dealer to be used and the commission and brokerage rates to be paid in instances where a broker or dealer is used. When executing transactions on behalf of such advisory accounts through a broker, dealer or underwriter, the Firm's objective will be to obtain the most favorable commission, brokerage and the best price obtainable on each transaction in light of the quality of execution provided. As such, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise. Certain brokers and dealers utilized by the Firm make research information available to the Firm.

In order to monitor best execution, the Firm, as well as the Firm's compliance group, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Firm and its Clients.

The Firm reserves the right to decline acceptance of any Client for which the Client directs the use of a prime broker or broker other than one selected by the Firm if the Firm believes that this choice would hinder the Firm's fiduciary duty to the Client and/or its ability to service the Client.

As previously noted in Item 10, Alchemy BD has entered into referral/commission sharing arrangements with the prime broker of ASI Opportunity Fund I, L.P., and is expected to enter into additional referral/commission sharing arrangements with other broker-dealers with whom ASI Opportunity Fund I, L.P. may trade.

### Aggregation of Trades

If applicable, the Firm may aggregate (or bunch) the orders of more than one Client for the purchase or sale of the same security. The Firm may employ this practice because larger transactions can enable it to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Firm may combine orders on behalf of its Clients with orders for other Clients for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Firm allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants.

When orders for securities are not entirely filled, allocation shall be made based upon the Firm's procedures for allocation of investment opportunities. Where aggregate trades have been filled during the course of the trading day at different prices, the costs of the securities to each Client will be averaged priced to the extent possible

### **Item 13   Review of Accounts**

Currently, Clients have daily access to unaudited account information regarding their individual accounts. Audited financial statements are provided to each of the Funds on an annual basis and if applicable, a third party administrator shall provide independent account valuation and related information.

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

### Client Referrals

Artis may pay referral fees to independent persons or firms (“**Solicitors**”) for introducing clients to the Firm. Whenever a referral fee is paid, the Firm requires the Solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information:

- the Solicitor’s name and relationship with Artis;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fees paid to Artis by the Client will be increased above the normal fees in order to compensate the Solicitor.

As a matter of Firm practice, the advisory fees paid to Artis by Clients referred by solicitors are not increased as a result of any referral.

### Other Compensation

The Firm and its officers and representatives do not receive any compensation for the activities of Artis other than the fees disclosed in Items 5 and 6 above.

## Item 15 Custody

The Firm previously disclosed in Item 5, the “Fees and Compensation” section of this Brochure, that the Firm directly debits advisory fees from its Client’s account with prime brokers, brokers, or custodians.

As part of this billing process, these entities are advised of the amount of the fee to be deducted from the Client’s account. On at least a quarterly basis, the Client shall have access to all transactions within in the account during the reporting period and/or one or more of the prime broker, broker or custodians will send or make available via online access to the Client a statement showing all transactions within the account during the reporting period.

Because these entities do not calculate the amount of the Firm’s fee to be deducted, it is important for Clients to carefully review either their statements or any web-based or other reports that provide such information to verify the accuracy of the deduction, among other things. Clients should contact Artis directly if they believe that there may be an error in their statements or other information that they have access to.

Although Artis does not maintain physical custody of the Clients’ assets, under the Advisers Act it is deemed to have custody because it serves as investment manager or an affiliated entity serves as the general partner of a Fund. Therefore, Artis must comply with certain “custody” requirements under the Advisers Act. To comply with these requirements, Artis will:

- Ensure that the assets of its advisory clients continue to be maintained in custodial accounts with a “qualified custodian”; and
- Provide notice to advisory clients about the qualified custodian. This notice is incorporated into the Private Placement Memorandum of each of the Funds.

In order to avoid additional compliance obligations, Artis requires (1) either the distribution of monthly performance reports or web-based access to performance reports and (2) the distribution of audited financial statements within 120 days of the Fund’s fiscal year end to each advisory client. In accordance with the Advisers Act custody rule, Artis will ensure that the auditor is an independent public accountant that is registered with the Public Company Accounting Oversight Board (PCAOB).



## **Item 16 Investment Discretion**

Under the terms of the Client Agreement, the Firm is hired to provide either discretionary or non-discretionary investment advisory services. For discretionary asset management services, the Firm researches and selects investments or managers that will, in turn, place trades in a Client's account at prime brokers or brokers without contacting Artis or the Client prior to each trade to obtain permission.

Certain Clients of the Firm grant discretionary investment authority over their advisory accounts. Discretionary investment authority allows the Firm to conduct the following activities without contacting the Client:

- Determine individual investment managers that will manage Client assets on behalf of Artis.
- Determine the size of an investment of Client assets to be allocated to each of manager selected by Artis for each Client.
- Determine prime brokers and brokers that will manage trading and brokerage for the Client's RMA Program accounts and other discretionary accounts managed by Artis.

Clients who are interested in providing all or part of their investment discretion to Artis will do so by including the authorization in their Client Agreement. This authority is ongoing as long as the Client Agreement is in effect. The Client may limit this authority by giving the Firm written instructions that are also accepted by the Firm in writing as provided in the Client Agreement.

## **Item 17 Voting Client Securities**

Presently, Artis does not vote proxies on behalf of its Clients. Therefore, although the Firm may provide investment advisory services relative to Client investment assets, the Client and/or its brokers, or custodians maintain the responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the Client's investment assets.

Artis does not offer any consulting assistance regarding proxy issues to Clients.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority over certain Client accounts, the Firm is also required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. Artis has no additional financial circumstances to report.

Under no circumstances does the Firm require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, Artis is not required to include a financial statement with this Brochure.

Artis has not been the subject of a bankruptcy petition at any time since its inception (less than ten years ago).

**Item 19 Requirements for State-Registered Advisers**

This item is not applicable to Artis.

[END]