

**CAPRA IBEX ADVISORS LLC**  
**Part 2A of Form ADV**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Capra Ibex Advisors LLC (“Capra Ibex” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”) Derek Doran, at (212) 621-4707 or [derekdoran@capraibex.com](mailto:derekdoran@capraibex.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.

Registration of an investment adviser does not imply that Capra Ibex Advisors LLC or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Capra Ibex can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure has been updated since the Firm's initial registration in February 2012 to reflect material changes to the Firm's business. The Firm has updated the disclosure in "Item 4: Advisory Business" to include a description of the five major services that Capra Ibex offers or intends to offer in the future to its clients. For more information about these services please see "Item 4: Advisory Business."

In addition, "Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" of this Brochure has been updated to reflect changes to internal policies on employee personal trading. For more information about these changes please see "Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

You may request a copy of the most recent version of this Brochure by contacting Derek Doran at (212) 621-4707 or [derekdor@capraibex.com](mailto:derekdor@capraibex.com).

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**Item 4: Advisory Business**

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Capra Ibex Advisors LLC, (“**Capra Ibex**” “**we**”, “**us**”, “**our**” or the “**Firm**”) a Delaware limited liability company, was founded in 2010 by James Healy, its sole member.

Capra Ibex is focused on five major services:

1) Investment Advisor

Capra Ibex performs detailed analysis of institutional clients’ investment portfolios, assesses its clients’ desired risk profile and investment goals and advises in the design, specific security selection, and ongoing management and rebalancing of client investment portfolios (the “**Clients**” or “**Client Accounts**”). (Capra Ibex does not hold custody of client assets nor executes trades on behalf of Clients).

2) Risk Analysis and Asset/Liability Management

Capra Ibex advises clients on managing their asset and liability mix. Particular attention is paid to mortgage pre-payment risk and to managing the interest rate gap and duration mismatches between the assets and liabilities on the balance sheet.

3) Macro-Economic Analysis & Market Perspectives

Combining quantitative techniques with macro-economic analysis, Capra Ibex provides clients with monetary policy and interest rate outlooks and works with each client to develop appropriate asset and liability pricing strategies for these outlooks.

4) Executive Business Intelligence Dashboards (“eBID”)

Capra Ibex has developed advanced desktop and mobile software capable of transforming large and disparate sets of data into actionable business intelligence for senior management.

5) Trading Irregularities and Forensics

With its knowledge of fixed income instruments, fixed income markets, risk management techniques and operational processes, Capra Ibex can perform discreet, forensic analysis/investigation of unusual trading P&L activity.

As of March 2013, we managed approximately US\$1,200,000,000 in regulatory assets under management (“**RAUM**”) for the Client Accounts all of which are managed on a non-discretionary basis.

**Item 5: Fees and Compensation**

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Clients are generally charged a fee consisting of one or more of:

- (1) a monthly management fee
- (2) an annual fixed fee which is agreed to at the beginning of each fiscal year
- (3) an hourly rate

Investment advisory Clients shall be responsible for all expenses related to trading the assets of the Account, including any initial and per trade fees, other brokerage or transactional fees, custodial fees, interest on margin borrowing and soft dollar expenses related to research.

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

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Capra Ibex does not currently charge a performance fee to Clients.

**Item 7: Types of Clients**

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Capra Ibex provides the services described in Item 4 to institutional client accounts. In the future it may offer its services to other types of client accounts and/or privately pooled investment vehicles.

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

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***Methods of Analysis and Investment Strategy***

Our investment strategy is to achieve capital appreciation with minimum volatility and preservation of capital primarily through long short markets. In managing accounts, we seek to achieve positive returns with below average risk. In advising our clients, we will continually review and analyze opportunities in the fixed income market with the intent of building an investment portfolio with an appropriate balance of yield, principal protection, pledge capacity, duration and convexity, liquidity and diversification. To achieve this we generally provide investment ideas derived from our fundamental analysis of certain investment products, including but not limited to treasuries, municipal bonds, structured mortgage securities (both pass through and structured products) whole loans, asset back securities, agency paper, and both domestic and foreign dollar denominated debt. We will also recommend and/or review hedging strategies that could be employed to mitigate duration or convexity gaps. We will also provide advice on the best tactics and advise on the pricing and execution of such hedging strategies. All investment suggestions are vetted by our Clients for compliance with bank regulations and other recent regulatory rules.

***Risk of Loss Factors***

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings. Although we strive to manage risk in accordance with our investment strategies, we can provide no guarantee that our efforts will be successful. Set forth below is a non-exhaustive list of such risk factors.

***Nature of Investments and Limited Rights of Investors***

Investments will primarily consist of investments in fixed income securities and other financial instruments, including, without limitation, asset and mortgage backed securities, consumer and commercial loans and receivables, high yield investments and related synthetic instruments, and credit linked notes that may be affected, among other things, by business, financial market or legal uncertainties. There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the client accounts' activities and the value of its investments.

***Collateralized Debt Obligations/Collateralized Loan Obligations***

Capra Ibex may invest or suggest that a client invest in senior, subordinated and equity securities issued by issuers of collateralized debt obligations ("CDOs") or collateralized loan obligations ("CLOs"). CDO/CLOs are subject to credit, liquidity and interest rate risks. A holder of CDO/CLO equity will typically have limited remedies available upon the default of the CDO/CLO. CDO/CLOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDO/CLO securities to a greater degree of risk with respect to defaults by such obligor, and the concentration of a portfolio in any one industry would subject the related CDOs/CLOs to a greater degree of risk with respect to economic downturns relating to such industry. The value of the CDO/CLO securities owned by a client will generally fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO/CLO ("CDO/CLO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. If distributions on and/or the realization of the CDO/CLO Collateral are insufficient to make payments on the CDO/CLO securities, no other assets will be available for payment of the deficiency and following realization of the CDO/CLO securities, the obligations of such issuer to pay such deficiency generally will be extinguished. CDO/CLO Collateral may consist of leveraged loans, high yield (generally unsecured) debt securities, asset-backed securities and other financial instruments (including derivatives), which often are rated below investment grade. The lower ratings of high yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest.

***Commercial MBS***

We may also recommend our Clients consider investments in commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected.

**Residential MBS**

Holders of residential MBS ("RMBS") bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one- to four-family residential properties. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The rate of defaults and losses on residential mortgages will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage may be a lengthy and difficult process, and may involve significant expenses. Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. It is not expected that RMBS will be guaranteed or insured by any governmental agency or instrumentality or by any other person.

**Long-Term Investments**

A client may require longer-term holding periods for its positions in order to be successful and positions may experience considerable price volatility over such holding periods and therefore, may not be appropriate for investors requiring short-term liquidity or stable returns.

**Illiquid Portfolio Investments**

We may suggest investments in securities or loans that either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. However, a client may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

**Non-Diversification**

We may be concentrated in a limited number of holdings. However, being concentrated in a small number of securities, structured products and derivative products, exposes a portfolio to the risk of adverse developments in or affecting a single issuer or industry to a greater extent than if the investments were diversified.

**Leverage and Financing Risk.**

Capra Ibex may use or suggest a client use *leverage*. We may use or suggest that a client use options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings that a client may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. The anticipated use of short-term margin borrowings results in certain additional risks, such as the potential for a "margin call," pursuant to which either additional funds or assets be deposited with a broker, or suffer mandatory liquidation of the pledged assets to compensate for a decline in value of such assets. In the event of a sudden drop in the value of the assets, we might not be able to liquidate assets quickly enough to satisfy its margin requirements.

**Short Selling Increases Risk of Capital Losses**

Short selling or the sale of securities not owned by us or a client and involves certain additional risks. Such transactions may expose the short seller to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein a short seller might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Item 9: Disciplinary Information**

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While neither we nor any of our employees are subject to or have in the past been subject to any criminal or civil enforcement action in any domestic or foreign court, and neither we nor any of our employees have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority, please reference our Form ADV Part I regarding civil cases involving two of our senior consultants at a previous employer.

**Item 10: Other Financial Industry Activities and Affiliations**

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Capra Ibex and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

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***Code of Ethics and Employee Investment Policy & Personal Trading***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which employees of Capra Ibex or related persons (such as members of their immediate household) have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics and Employee Investment Policy is based on the underlying principles that:

- Employees must at all times place the interests of the clients first;
- Employees must at all times comply with all applicable federal securities laws;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics and Employee Investment Policy; and
- Employees should not take inappropriate advantage of their position at Capra Ibex.

All Capra Ibex employees are deemed to be “Access Persons” and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy. Capra Ibex employees



are restricted from certain personal securities transactions, including securities on the Firm's "restricted list" (without pre-approval from the CCO) and transactions involving securities that are held by the Client Account.

In addition, employees may not acquire securities for their own account in an initial public offering without pre-approval. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All of our employees must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transactions involving equity, debt, options, or futures. This policy does not apply to transactions involving government securities, open-end mutual funds, money market funds or other instruments which afford the investor no discretion over individual securities

### ***Insider Trading Policies and Procedures***

Capra Ibex maintains Insider Trading policies and procedures (the "**Insider Trading Policies**") that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within Capra Ibex, as well as prevent trading based on inside information. Accordingly, we may not have access to inside information that other market participants or counterparties are eligible to receive. On a periodic basis, our employees are required to certify to their compliance with the Compliance Manual, Code of Ethics and Employee Investment Policy, including the Insider Trading Policies.

Our Code of Ethics and Employee Investment Policy is available to clients upon request.

### ***Privacy Policy***

We are committed to maintaining the confidentiality, integrity and security of our Client's personal information. It is our policy to collect only information necessary or relevant to our management business and use only legitimate means to collect such information. We do not disclose any non-public personal information about our Clients or former Clients to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about Clients to those employees with a legitimate business need for the information. We maintain security practices, physical, electronic, and procedural safeguards to guard our Client's non-public personal information.

Capra Ibex's Code of Ethics and Employee Investment Policy are available to clients upon request.

## **Item 12: Brokerage Practices**

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At present Capra Ibex only provides non-discretionary investment advice to one institutional Client Account. The Client Account handles execution of its own investments. As such, we have no active brokerage relationships at this time. We do, however, receive research from broker dealers on a regular basis. However, in the future it is likely that we will have investment and trade discretion. Therefore, we have established the following procedures.

***Fiduciary Duty***

As an adviser and a fiduciary to our Client and future clients, we require that the clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the clients' favor. We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client account is advantaged or disadvantaged over any other.

***Aggregation***

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges. Our policy is to aggregate client transactions where possible and when advantageous to the clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

***Allocation***

Our policy prohibits any allocation of trades in a manner that results in more favorable treatment for our proprietary accounts, affiliated accounts, or any client account.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyzes each trade, taking into consideration the specifics of each trade and the characteristics of each client. To the extent that multiple clients participate in a particular transaction, such transaction will generally be allocated pro-rata among such clients, unless facts specific to the transaction and clients warrant an alternative allocation methodology.

***Best Execution***

As an investment advisory firm, we have a fiduciary duty to seek best execution for client transactions. As a matter of policy and practice, we seek to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission, but the best overall qualitative execution in the particular circumstances. Other components that we analyze in seeking best execution are timeliness of having a transaction executed by a broker, the value of research provided, the responsiveness of the broker to us and the financial responsibility of the broker.

***Principal Trading***

Our policy and practice is to not engage in any principal transactions.

***Soft Dollars***

We currently do not use "soft dollars". If we do establish such arrangements in the future we intend to remain within the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting

portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, industry conferences, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. The receipt of such research services (and brokerage) will be subject to, and limited by, prevailing interpretive guidance provided by the SEC as falling within Section 28(e).

### **Trade Errors**

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of the clients. In the event any error occurs in the handling of any client transactions, due to our actions, or inaction, or actions of others, our policy is to assess each trade error on a case-by-case basis.

### **Item 13: Review of Accounts**

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We consult with the Client on an ongoing basis regarding the Client's portfolio. The Client makes the final decision on its investments and reviews its own account holdings.

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

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We do not currently utilize any third party marketers or solicitors.

### **Item 15: Custody**

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Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of client funds or securities. The Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to financial reverses.

Advisers with custody of client funds and securities must maintain them with "Qualified Custodians." "Qualified Custodians" under the amended rule include banks and savings associations and registered broker-dealers.

Capra Ibex does not maintain direct custody or possession of any of its client's funds or securities and we do not provide custodial services to any client account. Client accounts will be maintained with a qualified custodian and will receive account statements at least quarterly directly from the qualified custodian and should carefully review those statements.

If we are to advise and privately pooled investment vehicles in the future, we will engage a prime broker(s) to custody the assets of the fund and we will engage an independent accounting firm to audit the fund(s). Upon completion of the annual audit, we will distribute the audited financials to investors in the fund(s) within 120 days of the fiscal year end. In addition for Client Accounts, the qualified custodian will at least quarterly send a client statement directly to the client.

Currently, the Client Account maintains the discretion to select and utilize one or more custodians of its choice.

**Item 16: Investment Discretion**

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We do not currently have investment discretion over the Client Account.

**Item 17: Voting Client Securities**

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***Proxy Voting Policy***

To the extent Capra Ibex has been delegated proxy voting authority on behalf of its clients, Capra Ibex complies with its proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to client securities, such proxies are voted in the best interest of the client accounts.

Currently we do not vote proxies on behalf of our Client Accounts.

**Item 18: Financial Information**

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We are not required to provide a balance sheet in response to this item and are not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to our Client Accounts.