

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



**Academy Investment Management LLC**  
**529 Fifth Avenue, 8<sup>th</sup> Floor**  
**New York, New York 10017**  
**Tel: (212) 370-2880 • Fax: (212) 370-2881**  
**<http://academy-im.com>**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Academy Investment Management LLC (“Academy”), 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 Alexis Campos at (212) 370-2880 or by email at [acampos@academy-im.com](mailto:acampos@academy-im.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

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

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

An investment adviser is required to identify and discuss any material changes made to this brochure since its last annual update. This is Academy's second firm Brochure. Although Academy has made certain updates and clarifying revisions since the initial firm Brochure, there are currently no material changes to be noted in response to this Item 2.

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## **ITEM 4 – ADVISORY BUSINESS**

Academy Investment Management LLC, a Delaware limited liability company (“Academy”), was founded in 2010 and is principally owned by Hui-Hsien Ellen Wang (“Ellen Wang”). Academy is an investment adviser that seeks to create alpha based returns via a combination of systematic quantitative strategies. Through vigorous research and robust infrastructure, Academy seeks to identify and take advantage of identified investment opportunities that are not subject to irrational emotional biases such as overconfidence, loss avoidance, greed and fear. Investment opportunities identified by Academy tend to be temporal in nature and require a disciplined approach to exploit. Academy currently provides discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets utilizing pooled-investment vehicles intended for institutional and other sophisticated investors.

Academy provides advice to client accounts (*e.g.*, pooled-investment vehicles) based on specific investment objectives and strategies. Academy tailors its advisory services to the individual needs and specified investment objectives and strategies of each client, as set forth in each client’s offering documents or investment management agreements. Notwithstanding the foregoing, Academy neither tailors its advisory services to the individual needs of investors in its client accounts nor accepts investor-imposed investment restrictions with respect to its client accounts. An investment in a client account does not, in and of itself, create a client-adviser relationship between any underlying investor and Academy.

Academy does not participate in wrap fee programs.

As of February 28, 2013, Academy had \$36,000,000 million of net assets or \$40,000,000 million of regulatory assets under management (“RAUM”) on a discretionary basis. Academy does not manage any assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### Management Fee

Academy charges each client a monthly management fee (the “Management Fee”) calculated at an annual rate between 1%-2% of each client’s assets under management. Investors in client accounts managed by Academy are subject to such Management Fees indirectly through their investment in their respective client accounts. The Management Fee is charged either monthly or quarterly in advance, based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the month or quarter, as applicable, and is adjusted for subscriptions and withdrawals/redemptions during the month.

Management Fees are generally not negotiable; however, Academy, in its sole discretion, may waive or modify the Management Fee for investors in client accounts that are members, employees or affiliates of Academy or a related person of Academy, relatives of such persons, and for certain large or strategic investors.

### Performance-based Allocation

At the end of each fiscal year, Academy (or its related person) will receive an annual incentive allocation equal to a rate between 10%-20% of the net profits, if any, attributable to a client account, subject to a loss carryforward provision (the “Incentive Allocation”).

The Incentive Allocation allocated to Academy (or its related person) is generally not negotiable; however, Academy (or its related person), in its sole discretion, may waive or modify the Incentive Allocation for investors in client accounts that are members, employees or affiliates of Academy or a related person of Academy, relatives of such persons, and for certain large or strategic investors.

See Item 6 for discussion of potential conflicts of interest associated with the performance-based compensation received by Academy (or its related person).

### Payment of Fees

Academy deducts the Management Fee from client accounts by instructing the client’s custodian. Academy deducts client accounts for the Management Fees monthly or quarterly, as applicable.

The Incentive Allocation is deducted from client accounts at the end of each fiscal year or upon withdrawal or redemption by a client and reallocated to, as applicable, Academy (or its related person).

### Expenses

Academy renders its services to client accounts at its own expense and is responsible for its overhead expenses including: office rent; furniture and fixtures; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance and payroll taxes.

All other expenses are paid by client accounts and include: (i) legal and compliance, administrator, audit and accounting expenses; (ii) organizational expenses; (iii) client-related insurance costs; (iv) technology expenses, data and other similar expenses related directly to trading; (v) directors’ fees and expenses (if any); (vi) the fees payable to Academy (*e.g.*, the Management Fee); (vii) investment expenses (such as commissions, exchange fees, borrowing costs and fees paid to counterparties); (viii) interest on margin accounts and other indebtedness; (ix) custodial fees; (x) bank service fees; and (xi) any other expenses reasonably related to the purchase, sale or transmittal of client assets. Client assets may also be invested in a master-feeder structure. Feeder funds bear a *pro rata* share of the expenses associated with the

related master fund. Notwithstanding the foregoing, certain clients currently have Capped Expenses. “Capped Expenses” generally include expense items (i), (ii), (iii), (iv) and (v). Academy may, in its sole discretion, elect to continue to bear Capped Expenses for certain clients.

Please refer to Item 12 – Brokerage Practices, for further information regarding Academy’s brokerage practices.

#### Prepayment of Fees

Clients are required to pay the Management Fee in advance. If the advisory contract with a client is terminated, any pre-paid fees are refunded (if at all) in accordance with each client’s offering documents or investment management agreement.

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

Academy provides investment advisory services to multiple portfolios for multiple clients. As described in Item 5 above, Academy (or its related person) receives performance-based compensation (*i.e.*, the Incentive Allocation). The possibility that Academy (or its related person) could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Academy (or its related person) to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When an adviser manages more than one client account with varying compensation arrangements, a potential exists for one client account, which pays higher performance-based compensation or asset-based fees, to be favored over another client account.

Further, in certain limited circumstances, Academy may value client investments higher or lower than market prices or quotations when Academy determines that market prices or quotations do not fairly represent the value of particular investments or when investments are not publicly traded. As a result, Academy may benefit by receiving a Management Fee or an Incentive Allocation that is increased by the impact, if any, of such valuation.

Academy has adopted and implemented appropriate policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Academy reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also compared at least semi-annually to determine whether there are any unexplained significant discrepancies. Academy has developed a systematic process to ensure that all acts with substantially similar investment objectives are treated equitably. These areas are monitored by Academy's Chief Compliance Officer.

## **ITEM 7 – TYPES OF CLIENTS**

Academy provides investment advisory services to private pooled-investment vehicles intended for sophisticated investors and institutional investors. Investors in the private pooled-investment vehicles must also meet certain eligibility requirements which generally require an investor to qualify as an “accredited investor” as defined in Rule 501 under Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Investors also need to meet additional requirements set forth in the subscription agreements for the pooled-investment vehicles.

With respect to the private pooled-investment vehicles Academy manages, initial and additional subscription minimums, if any, are disclosed in the offering memorandum for such clients.



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

Investing in securities involves the risk of loss that clients should be prepared to bear. Thus, underlying investors that have invested in clients of Academy should be prepared to lose some or all of their investment.

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

Academy seeks to create alpha via a combination of statistical arbitrage strategies. An advantage of quantitative trading strategies is that they are not subject to irrational emotional biases such as overconfidence, loss avoidance, greed and fear. These opportunities tend to be temporal in nature and require a disciplined approach to exploit. Through vigorous research and robust infrastructure, Academy is able to identify and take advantage of such opportunities.

Academy has spent considerable time and effort researching and testing its hypotheses in both up and down markets. Consequently, Academy maintains a high level of confidence in the ability of the strategy to succeed in varying market conditions. Through its robust performance attribution analysis, Academy is able to quickly and accurately diagnose and analyze sources of return and risk. While Academy maintains the goal of constant improvement, changes to the strategies are analyzed intensely and are tested under a variety of market conditions to confirm their efficacy before they are incorporated into the strategy.

Academy takes a disciplined approach to risk management. In addition to employing measures such as market neutral portfolio limits and position limits, Academy also incorporates a proprietary risk model into the portfolio construction process to further reduce the portfolio's exposure to relevant risk factors. Furthermore, Academy utilizes sophisticated real-time systems to monitor market conditions, portfolio performance, trading costs, risk exposures and IT infrastructure.

Academy has devoted significant resources to developing its technological infrastructure. While always subject to human oversight and control, key elements such as collection and processing of data, forecasting of returns, portfolio optimization and trade execution have been automated and designed to be able to perform in fast moving markets. Academy shall seek increased efficiencies as technological advances emerge. Additionally, Academy has instituted redundancy and disaster recovery measures to mitigate the risk of not being able to transact on a timely basis.

### **Advantages of the Investment Strategy**

The primary attribute of the strategy is to exploit short and medium term market inefficiencies. The multi-faceted nature of the model is designed to generate consistent returns across a broad spectrum of market conditions.

Academy believes its strategy offers an attractive investment opportunity with true alpha returns for several reasons:

1. The strategy has a low correlation to other asset classes and hedge fund indexes.
2. Global macro and micro conditions tend to have a moderate and short lived effect on the portfolio.
3. The strategy presents an efficient risk/return profile.

## Nature of Investments

Academy has broad discretion in making investments for clients. Investments will generally consist of equity and equity related securities that are generally traded synthetically via swaps. There can be no assurance that Academy 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 clients' activities and the value of their investments.

## Risks Related to Trading Program

Academy uses quantitative mathematical models that rely on patterns inferred from historical prices and other financial data in evaluating prospective investments. The strategy's investment premise is that there are consistent patterns in how investors react to information and that these reactions are predictable for a short period of time. Many of the strategies are developed by simulating the performance of a given strategy over historical data. However, financial and economic patterns are not immutable and there can be no guarantees that the relationships that appeared to govern financial instruments and their prices in the past will continue in the future. Statistical procedures cannot fully match the complexity of the financial markets and as such, results of their application are uncertain. Even if all the assumptions underlying the models were met exactly, a model can only make a prediction and there can be no assurance that the future performance will match the prediction.

## Swap Agreements

Academy trades primarily through swap agreements. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a "notional amount", (*i.e.*, the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency or security, or in a "basket" of securities). The "notional amount" of the swap agreement is only a fictive basis on which to calculate the obligations that the parties to a swap agreement have agreed to exchange. Most swap agreements entered into on behalf of clients calculate the obligations of the parties to the agreement on a "net" basis. Consequently, a client's obligation (or right) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative value of the positions held by each party to the agreement (the "net amount").

Clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap counterparty. It is possible that developments in the swaps market, including increased government regulation, could adversely affect a client's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

## Changes in Market Environment

Changes in underlying market conditions can adversely affect the performance of a quantitative model, and as market dynamics shift over time, a previously highly successful model may become outdated – perhaps without Academy recognizing that fact before substantial losses are incurred. While Academy will make efforts to estimate and control the risks associated with market changes, and will attempt to identify changes as they occur, market environment changes can be sudden and extreme. When these changes occur, certain market dynamics can make the changes more severe and can cause their adverse effects to spread to other markets not affected by the initial changes. As such, although Academy

generally will attempt to deploy model-based trading strategies, clients may still be affected by adverse market conditions.

In addition, there is an increasing number of market participants that rely on quantitative mathematical models. These models may be similar to those used by Academy, which may result in a substantial number of market participants taking the same action with respect to an investment, and some of these market participants may be substantially larger than the clients of Academy. In particular, events can cause other market participants to liquidate large positions in a short period of time in order to raise capital, reduce risk or meet margin calls. To the extent that these market participants hold positions in a portfolio developed using strategies similar to that of the clients, such strategies may begin to exhibit adverse returns and correlations not seen under normal markets, even if the initial changes were in markets in which clients were not invested. Positions which would typically serve as hedges may actually accentuate the risks of the instruments they were initially attempting to hedge, adding further risk to clients.

### Technology and Electronic/Active Trading Risks

The performance of Academy's clients will be dependent upon the expertise of Academy combined with the efficacy and availability of proprietary and non-proprietary software and automated trading systems. Academy uses an investment strategy that involves active trading through the use of electronic trading systems. Such active trading presents the risk of large, immediate losses. The electronic trading systems, no matter how convenient or efficient, do not reduce risks associated with active trading. The software and electronic trading systems which Academy utilizes are relatively new and have been put to limited use to date in portfolio management activities. There can be no guarantee that the software and electronic trading systems will achieve their intended objectives.

Academy relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate numerous investments based on real-time trading information, to monitor their portfolio and net capital, and to generate risk management and other reports that are critical to oversight of a client's investment activities. Academy's business is highly dependent on its ability to process, on a daily basis, a large number of transactions across diverse markets. The ability of its systems to accommodate an increasing volume of transactions could constrain Academy's ability to properly manage the portfolio. As with all facilities and systems, Academy's electronic trading systems, hardware, and software are vulnerable to disruption, failure, inaccuracies, and/or security breaches, including, but not limited to: communication failures or inaccuracies; security quotation and data errors (whether as a result of software errors, automatic price or data misfeeds, or a dealer's mistype or mistake); system or software crashes; distortions; viruses; stolen passwords and/or unauthorized trades; signal power disruptions; and failures of Internet reception or routing. System delay or failures can have negative results on investment selection and execution. The result of any system related failure may include, but is not limited to, trades being executed without Academy's authorization, trades not being executed according to Academy's instructions or criteria or trades not being executed at all.

In addition, certain of Academy's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and Academy may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on a client's portfolio. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect Academy's ability to monitor their investment portfolio and risks.

Academy's ability to recover certain losses or foregone profits due to such disruptions and failures may be subject to limits on liability imposed by system providers, the market, financial institutions, and/or

clearing houses. In the absence of recovery, clients will bear the risks and losses of any system delays or failures, including, but not limited to, the system delays or failures described herein.

### Portfolio Turnover

The investment strategy of Academy's clients requires Academy to actively trade such clients' portfolios. As a result, turnover and brokerage commission expenses of such clients, while expected to be similar to investment entities of comparable size and with a comparable investment strategy, may significantly exceed those of other investment entities of comparable size but with a different investment strategy.

### Use of Leverage

Academy utilizes leverage on behalf of its clients in pursuit of its clients' investment objectives. This results in clients controlling substantially more assets than they have equity. Leverage increases returns if clients earn a greater return on investments purchased with borrowed funds than the clients' cost of borrowing such funds. However, the use of leverage exposes clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had clients not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the clients' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a client's assets, such client may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, Academy may find it difficult or impossible to obtain leverage for clients. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Academy being forced to unwind positions quickly and at prices different from what Academy deems to be fair value for such positions.

### Equity-Related Instruments in General

Academy intends to use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### Small to Medium Capitalization Companies

Academy may invest a portion of its clients' assets in the stocks of companies with small-to medium-sized market capitalizations. While Academy believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

### Non-U.S. Securities

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### Futures Contracts

Trading in futures contracts are highly specialized activities that may entail greater than ordinary investment risks. Futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin of deposit normally required in futures trading, a high degree of leverage is typical of a futures trading account. Consequently, a relatively small price movement in a futures contract may result in substantial losses to the trader. Futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – Academy could be prevented from promptly liquidating unfavorable positions and thus its clients could be subject to substantial losses.

### Convergence Risk

Academy pursues relative value strategies on behalf of its clients by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying a client's trading positions were to fail to converge toward, or were to diverge further from Academy's expectations, such client may incur a loss.

### Counterparty Risk and Derivatives

To the extent that Academy invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, its clients take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or

brokers will be clearly identified as being assets (directly or indirectly) of Academy's clients, and hence such clients should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

**Academy has broad and flexible investment authority. Academy may have other investment strategies or methods of analysis, or engage in other activities, than those described herein. The foregoing list of risk factors is not an exhaustive explanation of all risks involved in an investment in its clients. Investors should refer to the relevant client's offering documents for a more complete understanding of that client's investment objectives and strategies.**

**An investment in a client of Academy may be deemed speculative and is not intended as a complete investment program. There can be no assurance that the investment objective of such client will be achieved. The client accounts of Academy are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment.**

## **ITEM 9 – DISCIPLINARY INFORMATION**

Academy and its employees have not been involved in any disciplinary events that require disclosure in response to this Item 9.

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

As disclosed in Item 4, Academy acts as investment manager to private pooled-investment vehicles. An affiliate of Academy acts as the general partner of certain of the private pooled-investment vehicles (the “General Partner”). Because the General Partner and Academy are affiliated, there is a disincentive for the General Partner to replace Academy as investment manager to the clients it serves as general partner of.

Academy has entered into a strategic partnership with North Creek Butler (“NCB”), a registered broker-dealer, pursuant to a revenue sharing agreement. NCB provides business management, operations, marketing and other advice and support to Academy. NCB is not a member or employee of Academy or any of its affiliates.

Each pooled-investment vehicle for which Academy or its related person serves as general partner or investment manager has and may in the future enter into agreements, or “side letters,” with certain prospective or existing investors in such pooled-investment vehicle whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the applicable pooled-investment vehicle. For example, such terms and conditions may provide for special rights to make future investments in the pooled-investment vehicle, other investment vehicles or managed accounts; and such other rights as may be negotiated by the pooled-investment vehicle and such investors. The modifications are solely at the discretion of the pooled-investment vehicle and may, among other things, be based on the size of the investor's investment in such pooled-investment vehicle or affiliated investment entity, an agreement by such investor to maintain its investment in such pooled-investment vehicle for a significant period of time, or another similar commitment by such investor to the pooled-investment vehicle.

Additionally, Ellen Wang has trading authority over an account unaffiliated with Academy. Ellen Wang has never exercised such trading authority. If she does so in the future, Academy does not believe it would pose a conflict of interest given the account does not trade equities, requires a minimal time commitment and does not compensate her, as well as the unlikelihood of any similarity between the investments of this account and those of Academy’s current clients.

Academy and its management persons have no other relationships or arrangements with any related persons that are material to Academy’s advisory business.



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

Academy's Code of Ethics (the "Code of Ethics") describes Academy's high standard of business conduct and has been designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) sets forth restrictions on the provision of gifts and other benefits, (iii) sets restrictions on employee use of personal e-mail and social media websites, (iv) requires that all employees report to Academy their personal securities holdings and transactions in reportable securities, and that Academy review such reports, (v) requires all employees to obtain pre-approval of certain personal securities transactions; (vi) requires a holding period on certain personal security transactions absent specific approval from the Chief Compliance Officer, (vii) limits trading in restricted securities, which includes a cooling period, and (viii) contains policies and procedures designed to prevent the misuse of material, non-public information. All personnel of Academy are required to certify their compliance with the Code of Ethics. Personnel who fail to observe the Code of Ethics and related compliance policies risk serious sanctions, including dismissal and personal liability.

Under the Code of Ethics, generally Academy, its employees, affiliates or their related persons may buy, sell or otherwise invest in securities for their own accounts, provided, however that such transactions may not occur in securities that Academy also recommends to clients unless they are made in accordance with the Code of Ethics that requires pre-approval from the Chief Compliance Officer and subjects such transactions to both a holding period and a cooling period. In order to manage any conflict of interest, such transactions will be reviewed in the best interests of clients and will be denied by the Chief Compliance Officer if there is risk of potential adverse consequences to clients. Such transactions may also include trading in securities in a manner that differs from or is inconsistent with advice given to clients.

The Code of Ethics requires pre-approval of certain political contributions to government officials. Political contributions to government officials by Academy personnel above a de minimis threshold need to be reported to, and pre-approved by, the Chief Compliance Officer. This policy is designed to curtail the influence of "pay-to-play" activities based on political contributions to government officials who influence or control how government funds, such as state pension plans, invest. The Code of Ethics also prohibits the acceptance of gifts and entertainment above a de minimis amount that Academy personnel receive from third-parties with which Academy or its clients conduct business.

Academy serves as investment manager to its clients. Academy, its employees, affiliates or their related persons may also invest directly in any one, some or all of Academy's clients. The fact that Academy, its employees, affiliates or their related persons may have a financial ownership interest in Academy's clients creates a potential conflict in that it could cause Academy to make different investment decisions than if they did not have such a financial ownership interest. Further, Academy or its affiliates charge clients fees based on a percentage of assets under management and receive allocations based on performance. The management fee is payable without regard to the overall success or income earned by the clients and therefore may create an incentive on the part of Academy to raise or otherwise increase assets under management to a higher level than would be the case if Academy were receiving a lower or no management fee. The receipt of performance-based allocations by Academy or its affiliates may create an incentive for Academy to make investments for clients that are riskier or more speculative than it otherwise would.

Furthermore, Academy and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the existing clients, and/or may involve substantial time and resources of Academy. These activities could be viewed as creating a conflict of interest in that

the time and effort of the members of Academy and its affiliates are not devoted exclusively to the business of the existing advisory clients, but are allocated between the business of the existing advisory clients and the management of the monies of future funds and accounts managed by Academy. Academy uses its best judgment to be fair and equitable to all advisory clients to minimize this conflict of interest.

Clients or prospective clients may obtain a copy of Academy's Code of Ethics by contacting the Chief Compliance Officer, Alexis Compos, at (212) 370-2880.

## ITEM 12 – BROKERAGE PRACTICES

It is expected that all or most of client trades will be executed through equity swap transactions which will provide substantially similar economics to transacting in the actual shares of the referenced security. Additionally, because some or all of the invested assets may not be denominated in U.S. dollars, currency spot contracts, forward contracts and futures may be utilized to manage currency risk. Since clients profit from relatively short-term market inefficiencies, portfolio turnover is expected to be high. Clients will also utilize leverage. As a guideline, Academy does not intend to employ leverage greater than 5:1 per side, although the customary target leverage has generally been between 2-2.5 times per side.

Academy intends to use institutional brokers that provide competitive prices and access to relevant securities and derivative instruments. All brokerage commissions and related transaction costs are borne directly by clients. Brokerage transactions for clients are executed by brokers and dealers generally selected by Academy on the basis of best execution, which Academy evaluates based on a variety of factors, including, among other factors, the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Academy's other selection criteria. While Academy generally will seek reasonably competitive commission rates, clients may not necessarily pay the lowest commission available.

Academy does not permit clients (or underlying investors in such clients) to direct brokerage.

Academy has not entered into any arrangements with broker-dealers in which certain research products and services may be purchased by the broker-dealer for the benefit of Academy through credits ("soft dollar credits") generated by clients' trading activities. Academy does, however, receive research or other products or services other than execution from broker-dealers and/or third parties in connection with client securities transactions. Academy limits any use of "soft dollars" to obtain research and brokerage services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

If Academy uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, Academy's Chief Compliance Officer and other members of Academy will meet at least annually to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Academy's overall responsibilities to the accounts or portfolios over which it exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Academy will not have to pay for the products and services itself. This creates an incentive for Academy to select or recommend a broker-dealer based on its interest in receiving those products and services.

Academy may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by Academy in its other investment activities, including, for the benefit of other client accounts. Academy does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

During Academy's last fiscal year, Academy and/or its related persons received research reports. All reports were viewed to fall within the safe harbor.

In some instances, Academy may obtain a product or service that may be used, in part, by Academy for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, Academy will make a good faith effort to determine the relative proportion of the product or service used to assist Academy in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Academy in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Academy from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between Academy and clients.

From time to time Academy may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private pooled-investment vehicle managed by Academy or recommend these private pooled-investment vehicles as an investment to clients. Academy may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities if Academy determines that it is otherwise consistent with seeking best execution. In no event will Academy select a broker-dealer as a means of remuneration for recommending Academy or any other product managed by Academy (or an affiliate) or affording Academy with the opportunity to participate in capital introduction programs.

In managing clients' portfolios, Academy may aggregate trades, subject to best execution. Aggregation opportunities generally arise when more than one account is capable of purchasing or selling a particular security based on its investment objectives, available cash and other factors. Academy may aggregate its clients' orders when doing so will result in a better overall price for the trades of both accounts. When aggregating orders, both accounts will be treated in a fair and equitable manner, meaning that no account will be favored over any other account, and each account that participates in an aggregated order will participate at the average price for all transactions executed under that order and will bear its pro rata share of transaction costs.

## **ITEM 13 – REVIEW OF ACCOUNTS**

Ellen Wang, Academy's Managing Member, generally reviews clients' trading accounts on an ongoing basis, typically daily. Ellen Wang may consider information from a variety of sources, typically including quantitative analysis, historical prices, financial data and other research, in making determinations about a client's investments.

Further, Alexis Campos, the Chief Compliance Officer, periodically reviews clients' investments to ensure consistency with applicable law and regulations and with stated investment guidelines and objectives.

Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients may trigger reviews of client accounts on an other than periodic basis.

As described in Item 15, Academy furnishes to the underlying investors in its clients an annual report containing audited financial statements examined by such clients' independent auditor. Investors also receive a performance report after the end of each month. All such reports are written.

Academy also supplies Schedule K-1s and/or other applicable tax information to investors.

Representatives of Academy are available for discussions with investors on a periodic or agreed upon basis.

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

Academy does not currently make cash or other payments directly in return for investor solicitations. It should be noted, however, that as part of its strategic partnership with NCB, NCB has a revenue share interest in Academy. Please refer to Item 10 for more details.

Academy receives certain research or other products or services from broker-dealers. “Soft-dollar” benefits create an incentive for Academy to select or recommend broker-dealers based on Academy’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Academy on behalf of its clients. Please see Item 12 for further information on Academy’s “soft-dollar” practices, including Academy’s procedures for addressing conflicts of interest that arise from such practices.

## **ITEM 15 – CUSTODY**

Although Academy does not have “custody” of any client assets, the General Partner is deemed to have custody of client assets within the meaning of Rule 206(4)-2 under the Advisers Act because it serves as general partner of certain clients. All client assets are generally held in an account at a qualified custodian. The qualified custodians presently utilized by the General Partner for client assets are listed on Part 1 of Academy’s Form ADV.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, all underlying investors in Academy’s clients will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the client’s fiscal year. Investors should carefully review the audited financial statements of the clients, as applicable, upon receipt. If an investor has invested in a client and has not received such financial statements in a timely manner, such investor should contact the General Partner immediately. The General Partner may use additional qualified custodians in the future.

## **ITEM 16 – INVESTMENT DISCRETION**

Academy has full discretionary authority to manage the investments of its clients. The authority to make all investment decisions, including the selection of securities or financial instruments and execution, is entrusted to the complete discretion of Academy.

Please see Item 4 above for a description of any limitations clients may place on Academy's discretionary authority. Underlying investors that have invested in Academy's clients generally do not have the ability to impose limitations on Academy's discretionary authority.

Prior to assuming full discretion in managing a client's assets, Academy enters into an investment management agreement or other agreement that sets forth the scope of its discretion.

Unless otherwise instructed or directed by a discretionary client, Academy has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Academy may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is Academy's policy to allocate investment opportunities to eligible client accounts on a pro rata basis, it is important to note that desired trades ("goals") are what drive trade allocations as opposed to trades being allocated pro-rata based on client assets under management. Goals are generated for each client that maintains a portfolio and aggregated into Academy's proprietary order management system ("OMS"). The total number of goals that are aggregated across clients is used as the denominator in the allocation calculation. Each individual client's trade goal is used as the numerator, so trade allocation percentages are determined before trades are sent to the market, and fills are allocated accordingly.



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

Since most or all of client trades are executed through equity swap transactions, Academy does not currently receive, and does not expect to receive, proxies. In the event Academy receives proxies in the future, it will adopt a proxy voting policy pursuant to its fiduciary obligation to its clients to vote proxies in the best interests of its clients.

## **ITEM 18 – FINANCIAL INFORMATION**

Academy has never been the subject of a bankruptcy petition and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This Item is not applicable.