

# Argentièrè Capital AG

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This Brochure provides information about the qualifications and business practices of Argentièrè Capital AG (“**Argentiere**”, “us”, “we” or the “**Firm**”).

If you have any questions about the contents of this Brochure, please contact us at +41 41 560 2330 or email [michael.quinlivan@argentiere.ch](mailto:michael.quinlivan@argentiere.ch).

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.

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

Registration as an investment adviser does not imply that Argentiere or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Pursuant to an exemption from the Commodities Futures Trading Commission (the “**CFTC**”) in connection with accounts of qualified eligible persons, this brochure is not required to be, and has not been filed with the CFTC. The CFTC does not pass upon the merits of participating in a trading program or upon the adequacy or accuracy of commodity trading advisor disclosure. Consequently, the CFTC not reviewed this trading program or this brochure.

**Item 2: Material changes**

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This document is the initial Brochure prepared by Argentière. The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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#### Item 4: Advisory Business

Argenti re Capital AG ("**Argenti re**", "**us**", "**we**" or the "**Firm**") is a Swiss based investment adviser founded in July 2012. The Firm was founded by Deepak Gulati who has many years prior experience in proprietary trading.

The firm is registered with the Securities and Exchange Commission ("**SEC**") as an investment adviser (effective 8 January 2013) and also a member of the Swiss Association of Asset Manager ("**SAAM**") a Swiss self-regulatory body (effective 18 January 2013). The Firm is also awaiting approval for membership with the Commodities Futures Trading Commission ("**CFTC**") as a Commodity trading Operator ("**CPO**").

The Firm's clients comprise unregulated collective investment schemes (the "**Funds**") and possibly in the future in managed accounts ("**Accounts**"). Currently the Firm has no Accounts which it manages but reserves the right to do so in the future.

The Firm is an equities-based, relative value investment adviser that employs diversified strategies to reduce overall portfolio volatility and minimize single strategy risks

The Firm currently provides investment advisory services to the following Funds:

Fund	Type of fund
<b>Unregulated funds</b>	
Argenti�re Master Fund Ltd	Private fund (Cayman Islands / US feeder funds)

Each fund managed by the Firm may contain a number of different share classes, which differ as to matters such as reporting currency, minimum investment, redemption terms, treatment of income and fees.

The information contained in this Brochure summarises the details contained within the prospectuses prepared for each of the funds. The Brochure is not required to provide all the information which a prospective investor will require prior to making an investment.

Any Accounts managed by the Firm will typically be invested across asset classes and geographies. Before determining an appropriate asset allocation, the Firm obtains a thorough understanding of each client's financial situation, return objectives and risk profile. Should clients wish to impose restrictions on investing in certain types of securities, then the Firm discusses and documents these requirements at the outset of the relationship.

Argenti re does not participate in any wrap fee programs.

As at December 2012 the Firm had nil Assets under Management ("**AUM**"). The Firm intends to manage all AUM on a discretionary basis providing investment advisory services to the Funds.

## Item 5: Fees and Compensation

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### Management Fees

The Firm charges each client a management fee. For the Funds, these fees are based on the Net Asset Value ("**NAV**") of each class within a fund and are deducted from the portfolio on a monthly basis. For the Accounts, fees charged are based on a percentage of the monthly average net asset value of the account over the quarter (adjusted for cash flows).

The fee schedule for the funds varies from fund to fund and between asset classes in those funds. A summary of the current fee schedule is set out below:

<b>Fund</b>	<b>Fee</b>
<b><i>Unregulated funds</i></b>	
Argenti�re Master Fund Ltd	2.0%

The Argenti re Master Fund Ltd and its feeders contain a variety of share classes, however, with different minimum subscription levels, redemption arrangements and management fees.

### Other fees

The Firm typically charges the following fees to the funds in addition to the Management Fees and Performance Fees:

#### *Administrator fees*

Fees are charged on a sliding scale depending on the amount of assets managed. The administrator will also be reimbursed any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

#### *Prime broker and custodian fees*

Prime broker and custodian fees will not exceed normal commercial rates. They may also levy transaction charges and other charges which can include Value Added Tax.

#### *Research fees*

The Funds may pay research fees to third parties for the receipt of research and industry insight to aid with the management of the Funds.

#### *Other fees and expenses*

The Funds have paid and shall pay for their organizational and initial and certain ongoing offering expenses as well as for their operating expenses, including but not limited to, all accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Funds may incur brokerage and other transaction costs. For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

Please see the section on "Brokerage practices" for a description of other brokerage charges.

Argenti re will comply with the requirements of Rule 206(4)-2 of the Advisers Act with regards to custody of assets of Clients ("**Custody Rule**").

**Item 6: Performance-Based Fees**

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The Firm is also entitled to receive performance fees from the following funds:

<b>Fund</b>	<b>Fee</b>
<b><i>Unregulated funds</i></b>	
Argentiere Master Fund Ltd	20%

Should any of the shares series within the Funds surpass their corresponding high watermark at the end of each fiscal year, the Funds will pay to the Firm a performance fee equal to a percentage (as specified above) of the New Net Profits (as defined below) (the "**Performance Fee**").

"New Net Profits" with respect to a series of shares of the Master Fund, equals the amount, if any, by which the NAV of such series at the end of the period for which the Performance Fee is being determined exceeds the Prior High NAV of such series.

In the event that a shareholder redeems all or any of its Shares other than at the end of a fiscal year, any Performance Fee that has been accrued in respect of the corresponding portion of the series of shares of the Master Fund will be paid to the Firm at the time of such redemption.

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. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Firm has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These procedures include requiring that accounts that are managed in a similar fashion participate in investment opportunities pro rata based on asset size and requiring that, to the extent orders are aggregated, the Fund orders are average priced. Our procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Chief Compliance Officer.

No other hourly, flat, or asset-based fees are charged to the Funds.

**Item 7: Types of Clients**

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**Funds**

The funds managed by the Firm are described above under “Advisory Business”.

The Firm’s clients are the Funds. Each Fund where the Firm acts as an investment adviser specifies minimum subscription limits and the subscription and redemption terms applicable as per their offering memorandum. A brief description of each fund together with minimum subscription limits and redemption terms are as follows:

***Unregulated funds*****Argentièrè Master Fund Ltd**

The Argentièrè Master Fund Ltd is set up as a private investment fund in a master/feeder structure incorporated in the Cayman Islands and Delaware in November 2012.

The minimum investment is US\$ 5 million. Subject to the discretion of the Fund’s directors, smaller subscriptions may be accepted but may not be lower than US\$ 100,000. On the first business day of each month, new investors may subscribe to the fund and existing investors may make additional contributions, additional subscription dates may be accepted at the discretion of the Fund’s directors.

Redemptions may be made each calendar quarter having given 55 days written notice. The amount redeemed will be generally be paid within 30 days of the Redemption Date, redemptions are not subject to a withdrawal charge.

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

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The Firm utilises an equities-based, relative value approach and employs diversified strategies to reduce overall portfolio volatility and minimize single strategy risks

**Investment Strategies**

The Investment Manager groups the Fund's portfolio positions into sub-portfolios, each of which generally pursues a different (though sometimes related) type of investment strategy. The Investment manager seeks to find the best opportunity set within the entire spectrum of equity products. For analysis and reporting purposes, the Investment Manager currently aggregates these sub-portfolios into three separate groups: (1) Volatility; (2) Event-Driven; and (3) Quantitative Long/Short Equities. Each of these business groups is summarised below.

Although it is anticipated that these groups will include the primary strategies of the Fund, the Fund is not limited in the types of investment or trading activities in which it may engage. A fundamental aspect of any investment in the Fund is the fact that the Fund may pursue an unlimited range of investment strategies, including investment and trading activities not described herein, to any extent the Investment Manager deems appropriate, without any restrictions on asset type, industry, geographic market, concentration, degree of leverage, liquidity or other portfolio characteristics. The Investment Manager is not required to, and does not intend to, notify investors in advance of changes in investment strategies or portfolio composition. There can be no assurance that any investment strategy of the Fund will prove successful.

*Volatility:* This trading strategy involves exploiting implied volatility relationships between individual equities and/or equity indices, principally to take advantage of structural inefficiencies, distortions, dislocations and imbalances brought about by macro-economic, political, corporate credit, underlying market and/or technical conditions. Positioning is generally long vega, long gamma and long convexity. This in turn allows the Investment Manager to act from a position of strength during times of market stress. Expertise lies in the ability to construct a sophisticated portfolio that efficiently captures alpha while minimizing exposure to exogenous shocks. Additionally, the most liquid credit indices are used to optimize portfolio construction as part of a relative value position to equity volatility, comparing equity volatility and credit carry. Typical trades would include, but not be limited to, plain vanilla futures and options, variance swaps, volatility swaps, credit indices, CDS, dividend swaps, dispersion baskets, correlation swaps, VIX, equity hybrid and barrier structures.

*Event-Driven:* This strategy contains several sub-strategy types including, but not limited to, risk arbitrage, event credit, and special situations. The Fund engages in these strategies globally. Risk arbitrage and special situations opportunities typically involve the securities of corporations involved in significant transactions, including mergers, acquisitions, divestitures, tender offers, spin-offs and other similar corporate events. The strategy seeks to extract the best risk/reward opportunities that exist in corporate takeovers and restructurings and/or take a position in view of potential value creation across the entire capital structure. Positions can be held as spreads to the expected terms such as with definitive deals, bond make-wholes or, more loosely, with hostile approaches, bidding wars or restructurings. Substantial due diligence is conducted around the catalyst which can include regulatory, legal/contractual uncertainties or covenant restrictions inherent in any investment. Sizing considerations consist of a probability-weighted analysis of possible outcomes, the upside/downside or the absolute return with respect to the overall potential of the



portfolio. All parts of the corporate capital structure (and their derivatives) are analyzed in order to identify the best opportunity. Lastly, a wide range of hedging instruments are employed in order to isolate specific risks.

*Quantitative Long/Short Equities:* This strategy utilises statistical analysis and quantitative techniques to exploit market anomalies/inefficiencies in liquid equity markets. The strategy systematically allocates a dynamic portfolio while having small directional exposure to the market and exhibiting low volatility and annual turnover from 25 to 50 times. Strategies typically utilise different models and quantitative tools to forecast returns using various market data such as price dynamics on different scales, liquidity and order flows, as well as additional endogenous models in order to uncover embedded signals in the data. The optimisers take into account the forecast, the risk and the market-impact models to make a trade-off between opportunity cost and risk in order to generate the portfolios, while respecting various imposed constraints (e.g. dollar neutrality, etc.). Each individual strategy is optimised against several variables such as risk factors and transaction costs. Returns naturally exhibit low correlation to the market (market neutral) and the net portfolio position is dollar neutral.

## **Risk of Loss Factors**

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the funds referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in each of the funds. Prospective investors are urged to consult their professional advisers and the fund prospectuses ("PPM") before deciding to invest in the funds.

## **Limited Rights of Investors**

Substantially all decisions with respect to the management of the Funds are made exclusively by us. Investors have no right or power to take part in the management of the Funds. We also make all of the trading and investment decisions for the Funds. In the event of our withdrawal or bankruptcy, generally the Funds will be liquidated.

## **Substantial Changes in Regulation**

Regulation of securities markets has undergone substantial change in recent years, and is expected to continue to change. This could add to the costs and regulatory burdens of operating the Investment Vehicles in the future.

## **Investment and Trading Risks in General**

All investments involve risk, including the risk that the entire amount invested may be lost. The Funds invest in and actively trade futures and other financial instruments using investment techniques with risk characteristics, including risk arising from the volatility of the commodities markets, risk of borrowing, potential illiquidity of instruments, and risk of loss from counterparty defaults.

## **Lack of Operating History**

The Funds have no operating history upon which prospective investors can evaluate the anticipated performance of the Fund. The past performance of the Investment Manager or its affiliates may not be indicative of the future performance of the Funds.

## **"Master-Feeder" Structure**

The Fund invests through a "master-feeder" structure. The master-feeder fund structure – in particular the existence of multiple feeder funds investing in the same master fund –

presents certain unique risks to investors. Please see the PPM for further details on this risk.

**General Economic and Market Conditions**

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of the Fund's investments.

**Legal, Tax and Regulatory Environment for Private Investment Funds**

The legal, tax and regulatory environment worldwide for private investment funds (such as the Fund) and their managers is evolving, and changes in the regulation of private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of the Fund to pursue its investment program and the value of investments held by the Fund.

**Systemic Risk**

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions.

**Limited Liquidity**

An investment in the Fund provides limited liquidity since the Shares are not freely transferable and, generally, a Shareholder has the right to redeem any or all of its Shares only according to the terms of the Articles (as described in "Redemptions of Shares" in the PPM).

**Possible Adverse Effects of Substantial Redemptions**

In the event that there are substantial redemptions of Shares within a limited period of time, the Investment Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay redemptions, the Investment Manager may be required to liquidate positions of the Fund at an inopportune time or on unfavourable terms, resulting in lower net assets for the remaining Shareholders and a lower redemption price for the redeeming Shareholders.

**Incentive Fee**

The Incentive Fee paid to the Manager on investment gains may create an incentive for the Manager or the Investment Manager (who may receive a portion of the Incentive Fee) to cause the Fund to make investments that are riskier or more speculative than would be the case if such fee was not paid. In addition, since the Incentive Fee will be calculated on a basis that includes unrealised appreciation of the Fund's net assets, such fee may be greater than if it were based solely on realised gains.

**Selection of Brokers**

The Manager or the Investment Manager may be subject to conflicts of interest relating to its selection of brokers on behalf of the Fund. Transactions for the Fund will be allocated to brokers on the basis of, among other things, best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility, as well as the provision or payment by the broker of the costs of research and research-related

services. In addition, brokers may provide other services that are beneficial to the Investment Manager or its affiliates, but not necessarily beneficial to the Fund, including, without limitation, capital introduction, marketing assistance, consulting with respect to technology, operations or equipment, and other services or items. Such services and items may influence the Investment Manager's selection of brokers.

### **Identity of Beneficial Ownership and Withholding on Certain Payments**

In order to avoid a US withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed US investments, if any, the Fund and the Master Fund will be required to enter into an agreement with the US Internal Revenue Service (the "Service") by 30 June 2013 identifying certain direct and indirect US account holders (including equityholders and debtholders). A non-US investor in the Fund will generally be required to provide to the Fund information which identifies its direct and indirect US ownership. Any such information provided to the Fund will be shared with the Service. A non-US investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Internal Revenue Code will generally be required to enter into an agreement with the Service by 30 June 2013 identifying certain direct and indirect US account holders (including equityholders and debtholders). A non-US investor who fails to provide such information to the Fund or enter into such an agreement with the Service, as applicable, would be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual or deemed US investments of the Fund, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information gave rise to the withholding. Shareholders should consult their own tax advisers regarding the possible implications of these requirements on their investments in the Fund.

### **Counterparty Risk**

Some of the markets in which the Fund may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss.

### **Lending of Portfolio Securities**

The Fund may lend securities on a collateralised and an uncollateralised basis, from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

### **Liquidity Risks Generally**

Liquidity is important to the Fund's businesses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Fund's portfolio positions may be reduced. In addition, the Fund may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Fund's liquidity.

**Illiquid Portfolio Instruments**

Investments that lack liquidity and/or a readily assessable market value will generally be carried on the books of the Fund at fair value (which may be approximated by cost) as reasonably determined by the Investment Manager. There is no guarantee that fair value will represent the value that will be realised by the Fund on the eventual disposition of the investment or that would, in fact, be realised upon an immediate disposition of the investment.

**Leverage; Interest Rates; Margin**

The Funds may borrow money to make investments when the Investment Manager believes that the potential return of an investment is particularly favorable. The use of leverage has attendant risks and can substantially increase the adverse impact to which the investment portfolio may be subject. In addition to the extent the Funds use leverage, they are subject to the risk of changes in the level of interest rates that may adversely affect expenses and operating results.

**Volatility Risk**

The Fund's investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by the Fund.

**Long Term Investments**

The Fund will frequently require longer-term holding periods for its positions in order to be successful and positions may experience considerable price volatility over such holding periods. An investment in the Fund, therefore, may not be appropriate for investors requiring short-term liquidity or stable returns.

**Short Selling**

Our investment program involves entering into transactions known as “**short sales**” in which a Fund sells a security it does not own in anticipation of a decline in the market value of the security. Short sales that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. Under adverse market conditions, it may be difficult or impossible to purchase securities to meet short sale delivery obligations. Furthermore, a Fund might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

**Equity Price Risk**

The Fund's investment portfolios may include long and short positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Fund.

**Investments in Emerging Markets**

The Fund may invest in securities of companies located in emerging countries or issued by the governments of such countries. Investing in such securities involves certain considerations not usually associated with investing in securities of companies located in developed countries or issued by the government of such countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation,

imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds, nationalisation and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.

**Exchange Rate Fluctuations; Currency Risks**

The Fund may invest in financial instruments denominated in non-US currencies, the prices of which are determined with reference to currencies other than the US Dollar. The Fund, however, values its financial instruments in US Dollars. The Fund may or may not seek to hedge its non-US currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed by the Fund will be effective.

**Convertible Arbitrage**

Convertible arbitrage strategies involve investing in convertible Securities that appear incorrectly valued relative to their theoretical value. The strategy consists of the purchase (or short sale) of a convertible Security coupled with the short sale (or purchase) of the underlying Security for which the convertible Security can be exchanged to exploit price differentials. The Investment Manager may seek to hedge out the risk inherent in the stock; the remaining risk may or may not be hedged.

Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. Substantial risks also are involved in borrowing and lending against such investments.

**Event Driven Investing**

Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses.

**Model and Data Risk**

The Investment Manager may rely on proprietary analytical models developed by the Investment Manager and information and data supplied by third parties ("Models and Data"), with respect to a portion of the Fund's investments, rather than the judgment or discretion of the Investment Manager's investment professionals.

When Models and Data prove to be incorrect, misleading, or incomplete, any decisions made in reliance thereon expose the Fund to potential risks. For example by relying on Models and Data, especially valuation models, the Investment Manager may be induced to

buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether.

### **Equity Securities Generally**

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

### **Investments in Initial Public Offerings**

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer.

### **Unlisted Securities**

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

### **Debt Securities Generally**

The Fund may invest in private debt securities and other similar instruments. The Fund may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments, including sovereign issuers, may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

### **Derivatives**

We may invest in derivative instruments. Derivative instruments or “**derivatives**” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk.

### **Operational Risk**

Operational risks include the possibility of errors in the confirmation, settlement, booking, evaluation, and accounting of transactions; other similar disruptions in the fund's operations



may also lead to mistakes. These events may cause the Funds to suffer financial loss, disruption of business, liability to clients or third parties, regulatory intervention, and reputational damage.

### **Swap Agreements Generally**

The Fund may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Fund, for instance, may enter into correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Fund is not limited to any particular form of swap agreement.

### **Currencies and Currency-Related Instruments**

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events.

The Fund may invest in undervalued currencies. Identifying investment opportunities in undervalued currencies is a difficult task, and there are no assurances that such opportunities will be successfully recognised or acquired.

### **Commodity-Related Instruments**

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature.

The risk of loss in trading commodities can be substantial. If the Fund purchases a commodity option, it may sustain a total loss of the premium and of all transaction costs. If the Fund purchases or sells a commodity futures contract or sells a commodity option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position.

### **Stressed and Distressed Obligations**

The Fund may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers.

### **Repurchase and Reverse Repurchase Agreements**

The Fund may enter into repurchase and reverse repurchase agreements. When the Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate.

The use of repurchase and reverse repurchase agreements by the Fund involves certain risks.



**Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

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

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The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the management persons listed above. This list is updated when necessary and completeness is confirmed on an annual basis. None of the relationships notified to the Firm, by the individuals concerned, create a material conflict of interest between the Firm and its clients or between clients.

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

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The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children (“related persons”) must be notified to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes are received by the Firm.
- Initial and annual holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals and contract notes where appropriate.

The Firm may promote funds to clients in which related persons may also have an investment. This is disclosed to the client at the time of investment. No other securities are bought or sold for client accounts in which the Firm’s related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the funds or accounts managed are actively trading in such securities.

***Insider Trading Policies and Procedures***

The Firm 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 Argenti re, 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 investor’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 investors or former investors to anyone except for servicing and processing transactions and as required by law. We restrict access to non-public personal information about investors to those employees with a legitimate business need for the information. We maintain security practices, physical, electronic, and procedural safeguards to guard Investor’s non-public personal information.

Upon request, we will provide you with a copy of our privacy policy.

**Item 12: Brokerage Practices**

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As an adviser and a fiduciary to the Funds, we require that the Funds' 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 Funds' 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 Funds and that no Fund or account is advantaged or disadvantaged over any other.

The Firm's investment approach is to use quantitative techniques when deciding upon securities to be traded for the funds and accounts it manages. Such techniques involve the use of published data rather than qualitative techniques such as the use of research notes and opinions.

The Firm maintains a list of brokers with whom it may deal for the funds managed. This list is reviewed at least on a quarterly basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

**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 to the Funds. Our policy is to aggregate Fund transactions where possible and when advantageous to the Funds. In these instances, Funds participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. However currently this is not relevant as the Firm is adviser to only one Fund.

**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 Fund.

We have adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade, taking into consideration the specifics of each trade and the characteristics of each Fund. To the extent that multiple Funds participate in a particular transaction such transaction will generally be allocated pro-rata among such Funds, unless facts specific to the transaction and Funds warrant an alternative allocation methodology. However currently this is not relevant as the Firm is adviser to only one Fund.

**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**

The Funds are permitted to use “soft dollars” generated by trading activities to purchase research services or products that would otherwise have been an expense of the Firm. We intend to keep any such arrangements 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 Funds. In the event any error occurs in the handling of any Fund 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 review the Funds (and Accounts as applicable) on a continual basis to assure conformity with investment objectives and guidelines. We engage in active management for the Funds and, accordingly review our transactions, positions and cash balances on a daily basis.

**Reporting**

We will distribute an audited financial report for each Fund with respect to the previous fiscal year to all investors in such Fund within 120 days of year-end. In addition, we will also use commercially reasonable efforts to provide investors with a weekly estimated NAV or a weekly estimated performance percentage return of the Funds, calculated as of the close of business on Friday of each week (which will be based on unaudited data).

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

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At this time no third party marketers are in place or used, though the Firm does not exclude their use at some point in the future.

**Item 15: Custody**

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Argentièrè does not have direct custody over any assets but will comply with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to custody of assets of the Investment Vehicles (“**Custody Rule**”).

We currently use State Street Bank and Trust Company as our Custodians and Goldman Sachs International and JPMorgan Securities LLC as Prime Brokers and Custodians. Through these arrangements, the Custodians and Prime Brokers will provide, among other things, clearing, custodial and record keeping services.

Annually, upon completion of each Fund’s annual audit, Argentièrè will distribute the audited financials to investors in the Funds.

The CCO shall ensure that the Funds’ audited financials are delivered to all investors within 120 days of the fiscal year end.



**Item 16: Investment Discretion**

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We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates paid. Any limitations on authority are included in each Funds' investment management agreement, or governing documents, as applicable.

**Item 17: Voting Client Securities**

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The Firm's authority to vote proxies for the Funds is established by the investment advisory agreements, or comparable documents. The Firm has established proxy voting policies and procedures. The proxy voting procedures are designed to ensure that proxies are voted in the best interest of the Funds. The Firm analyzes proxies on a case-by-case basis.

Upon request, the Firm will provide an Investor with a copy of the proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds. As the Funds invest mainly in commodity derivatives they are unlikely to cast any proxy votes.

**Item 18: Financial Information**

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Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Firm's financial condition.

The Firm does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.