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# P I Z Z E Y   C A P I T A L

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## **Form ADV Part 2A: Firm Brochure**

### **Pizzey Capital Management (US) LP**

March 11, 2013

#### **Principal Office**

Pizzey Capital Management (US) LP  
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This brochure provides information about the qualifications and business practices of Pizzey Capital Management (US) LP and its affiliates (collectively “Pizzey Capital” or “Advisor”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/rules/final/2010/ia-3060.pdf](http://www.sec.gov/rules/final/2010/ia-3060.pdf). If you have any questions about the contents of this Brochure, please contact Peter Moffitt, Chief Compliance Officer, at (914) 374-7253. Additional information about Pizzey Capital is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Pizzey Capital is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Material Changes**

On March 8, 2013, Pizzey Capital filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by Pizzey Capital to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

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## **Advisory Business**

Pizzey Capital is organized as a limited partnership under the laws of the State of Delaware in January 2013. Pizzey Capital GP (US) LLC is the principal owner of Pizzey Capital. Pizzey Capital GP (US) LLC is wholly owned by Pizzey Capital Management (Cayman) Ltd, a Cayman Island Exempted Company, which is in turn owned by Pizzey Capital (Cayman) LP. The principal owner of Pizzey Capital (Cayman) LP is Rod Canvin. Mr. Kelly, Chief Investment Officer, leads the investment activities of Pizzey Capital, along with Xavier Larmurier (Portfolio Manager) and Peter Moffitt (Chief Operations Officer, Chief Compliance Officer and Chief Financial Officer), who serve on Pizzey Capital's Investment Committee.

Pizzey Capital intends to serve as an investment manager and provides discretionary advisory services to several related collective investment vehicles, including private investment partnerships and foreign investment companies; together with any respective subsidiary investment vehicles (the "Fund" or collectively the "Funds"). Each of these Funds would be overseen by either a General Partner or Board of Directors, depending upon each Fund's structure and organization.

The Fund's investment objective is to provide index outperformance in both strong and weak equity market conditions through a combination of quantitative research, dynamic hedging and enhanced total return from the inventory held. This investment objective is intended to be achieved through an "equity index enhanced" strategy, which is discussed further within the Methods of Analysis, Investment Strategies and Risk of Loss section of this Brochure.

As of the date of this filing, Pizzey Capital does not have any discretionary or non-discretionary assets under management. However, Pizzey Capital has registered with the SEC in reliance on Rule 203A-2(c) because the Advisor expects to be eligible for SEC registration within 120 days of the filing date due to its investment management services for the Funds.

In providing services to the Funds, Pizzey Capital formulates each Fund's investment objectives, directs and manages the investment and reinvestment of each Fund's assets, and provides reports to investors. Investment advice is provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (the "Investors"). Pizzey Capital manages the assets of the Funds in accordance with the terms of each Fund's confidential offering and/or private placement memoranda, individual limited partnership or shareholder agreements and other governing documents applicable to each Fund (the "Governing Fund Documents").

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

## **Fees and Compensation**

### General

Pizzey Capital intends to provide investment advisory services to each of the Funds pursuant to separate investment management agreements (the “Agreements”). The Agreements for each Fund, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

Pizzey Capital will typically receive compensation from fees based on a percentage of assets under management, outperformance and certain expenses related to transactions (see below). Investors should review all fees charged by Pizzey Capital and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by their Investors.

### Management Fee

The Funds pay Pizzey Capital an annual management fee (the “Management Fee”) of 1% (per annum). The Management Fee is payable monthly in arrears and typically based off the net asset value of each series of shares of the relevant class as of the end of the month (before taking into account the estimated accrued outperformance fee), in each case in accordance with the Governing Fund Documents. Pizzey Capital also reserves the right to rebate management fees to certain investors as may be determined in its sole discretion.

### Outperformance Fee

Generally, at the end of each Fiscal Year, the Funds will reallocate from each series capital account to the capital account of the General Partner (except in the case of the offshore feeder fund, where such payment will be paid directly to Pizzey Capital Management (Cayman) Ltd.) an outperformance fee (“Outperformance Fee”). The Outperformance Fee is calculated with reference to an excess return over the MSCI World Net Total Return USD index and being 25% of this value. The manner of calculation of the Outperformance Fee is further disclosed in the Governing Fund Documents.

### Expenses Charged to the Funds

In addition to Management Fees and Outperformance Fees, Investors will bear indirectly the fees and expenses charged to the Funds. Those fees and expenses will vary by Fund, and will include each Fund’s own expenses and *pro rata* share of expenses associated with interests in certain of the Funds. Such expenses typically will include, among other things: investment expenses, whether or not such investments are consummated (such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Fund’s investments, whether or not such investments are consummated, incurred by Pizzey Capital; professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software tools, programs or other technology utilized in managing the Fund (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data (including, without limitation, any computer hardware and

connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including, without limitation, fees and expenses of the administrator); legal expenses; accounting and valuation expenses (including, without limitation, the cost of accounting software packages); news, quotation and computer equipment; audit and tax preparation expenses; costs related to errors and omissions insurance for Pizzey Capital; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; expenses incurred in connection with regulatory filings (including, without limitation, filing fees, costs related to software designed to facilitate the preparation of regulatory filings and professional fees and expenses incurred in connection with the preparation and making of such filings); organizational expenses; expenses incurred in connection with the offering and sale of the interests or shares and other similar expenses related to the Fund (other than any fees payable to any placement agent, which will be paid by the Advisor either directly or indirectly by reducing the Management Fees owed to the Advisor); indemnification expenses; and extraordinary expenses.

For more information regarding Pizzey Capital's brokerage practices and brokerage expenses that may be incurred, please refer to the Brokerage Practices section of this Brochure.

#### Organizational and Offering Expenses

Pizzey Capital may pay or advance to each Fund funds to pay for the Fund's organizational expenses and expenses incurred in connection with the initial offering and sale of the interests or shares and other similar expenses related to the Fund. The Advisor is entitled to reimbursement from the Fund of all such funds up to the par value of the shares. Certain of the Fund's organizational and initial offering expenses may, for accounting purposes, be amortized by the Fund for up to a 6-month period. Amortization of such expenses over a period that is up to 6 months is a divergence from the U.S. generally accepted accounting principles ("GAAP"), which may, in certain circumstances, result in a qualification of the Fund's annual audited financial statements. If the Fund amortizes its expenses but terminates before such expenses are fully amortized, the unamortized portion of the organizational expenses will be debited against the Fund's assets at that time.

Investors should review all fees charged by Pizzey Capital, its affiliates, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Investors.

### **Performance Based Fees and Side-by-Side Management**

As described above, Pizzey Capital or its affiliates intend to receive performance-based compensation in the form of an Outperformance Fee, and because this fee is calculated on a basis which includes unrealized appreciation of the Fund's portfolio, it may be greater than if such compensation were based solely on realized gains. The fact that a portion of the Advisor's or its affiliates' compensation is directly computed on the basis of profits generated by the sale or disposition of Fund assets may create an incentive for Pizzey Capital to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation.

Currently, Pizzey Capital and its affiliates will not manage client accounts other than the Funds, so all accounts under management are charged a performance-based fee.

## **Types of Clients**

Pizzey Capital intends to provide discretionary management and advisory services to the Funds directly, subject to the direction and control of the General Partner or Board of Directors, depending upon the Fund, and not individually to the Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for an Investor is outlined in the Governing Fund Documents; however, the Fund maintains discretion to accept less than the minimum investment threshold. Investors will be required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

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

### Overall Investment Strategy and Methods of Analysis

Pizzey Capital’s investment objective is to generate superior risk-adjusted returns, verses designated benchmarks, by investing in and across all types of equity securities, including cash equities, OTC and listed derivatives. The Advisor seeks a target return between 2% and 6% (per annum) over and above the underlying index benchmark with limited tracking error verses designated equity benchmarks. The investment strategy implemented will have a global geographic focus, and Pizzey Capital’s investment team will implement an enhanced equity index strategy.

The investments will include, but will not be limited to, equities and equity derivatives, with a usual investment horizon of nine to twelve months. The Funds’ portfolios may be hedged in order to minimize risks from market shocks, with a focus on capital preservation; portfolio hedging will generally be rolling on a duration of one to three months. The Advisor employs a rigorous investment process, whereby all trades will be overseen by the Mr. Kelly, pre and post, while being cognizant of the underlying performance benchmark and the existing positions held. On all trades outside of normal portfolio maintenance, there will be a formal documented meeting, during which appropriate decisions will be made by the Investment Committee.

Investors should review the respective Governing Fund Documents for more details on the manner in which Pizzey Capital intends to implement the Fund’s investment strategy and the methods of analysis that the Advisor seeks to utilize in order to reach these investment objectives.

The method(s) and investment strategies described above involve certain risks. A summary of the principal risks are set out below.

Summary of the Principal Investment Risks

Investing involves substantial risks, including the risk of total loss of capital, and may not be suitable for all investors. No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objective or portfolio hedging strategies will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of investments otherwise made by the investment professionals of Pizzey Capital are not necessarily indicative of the Fund's or the Advisor's future performance.

The following are certain of the principal risks associated with the investment activities of the Fund:

*Macro risk:* This includes exogenous risks to the business and the portfolio, such as a sudden slowdown in the economy, a sudden policy change by a key European or international body. To seek to mitigate this, Pizzey Capital may employ 'tail' hedges to offset such sudden and unexpected events.

*Portfolio risk:* These include single name positions and overall correlation across the portfolio. To seek to mitigate this, Pizzey Capital will hedge the 'unwanted' risks embedded in single name positions and carefully monitor correlation across the portfolio. The portfolio will be adjusted if the correlation to the benchmark is deemed to be too high. Furthermore, Pizzey Capital will always seek to run a diversified portfolio, implementing a single name policy which limits single name positions of more than 1.5 times its weighting in the respective benchmark index; a unanimous decision of the Investment Committee is required to go over this value.

*Compliance risk:* The risk of breaching regulatory requirements (including conduct of business and also shareholder disclosure). This is to be managed via the compliance manual, compliance policies and procedures manual and a risk based compliance monitoring program. These documents lie at the heart of the compliance culture being implemented at the firm and will be supported internally by the operations team and outside compliance consultants.

*Reputational risk:* The damage to the name and good will of the Advisor. This risk is managed on a number of levels, firstly through careful review and assessment of all service providers (whether appointed by Pizzey Capital or out of the control of the Advisor but required to service the Fund) and also by insisting upon the highest level of professional experience and ethics at the firm.

*Key-man risk:* The loss of any key member of Pizzey Capital, investors will be notified immediately in writing. The Advisor has procedures in place to manage communications with the Fund and Investors in the event that something was to happen to designated key men.

*Financial risk:* Building upon the comments above on monitoring financial resources and ensuring an orderly wind-up in the event that fees could not cover costs, the compliance monitoring program frequently monitors financial resource surpluses. In addition, an independent firm of accountants has been engaged to maintain the books and records of the Advisor and annual audits are to take place as expected.



The descriptions of risk factors contained above are a brief overview of different risks related to the Advisor's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, key risk areas inherent to investing also include risks related to the operations and investment activities of the Fund, risks related to specific investments, and risks related to non-U.S. and non-U.S. jurisdictions. Investors are recommended to review the Governing Fund Documents for a more complete discussion of the risk factors associated with the Fund.

#### Allocation of Investment Opportunities

It will be the policy of the Advisor to allocate investment opportunities to the Fund, to the extent practical and in accordance with the Fund's applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an account's objectives; (ii) the potential for the proposed investment to create an imbalance in an account's portfolio; (iii) the liquidity requirements of an account; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (vi) the need to re-size risk in an account's portfolio.

The Advisor will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to the Fund solely because the Advisor purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to another account if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Fund.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Pizzey Capital nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

### **Other Financial Industry Activities and Affiliations**

Pizzey Capital Management (UK) LLP ("Pizzey Capital UK") is an affiliated investment adviser seeking FSA Part IV Permission to act as a London-based discretionary investment management firm, managing the assets of a Cayman domiciled fund structure. Pizzey Capital UK will be principally owned by Mr. Canvin and Mr. Kelly, with Mr. Kelly having an indirect beneficial ownership interest. The investment decisions of Pizzey Capital and Pizzey Capital UK will generally be made jointly, with Mr. Kelly having oversight of all such trading activities. Pizzey Capital UK will be officially seen as a sub-advisor, but simultaneously a sister entity to Pizzey Capital.

Pizzey Capital, subject to the oversight by the General Partner or Board of Directors, depending upon the Fund, will be responsible for all decisions regarding portfolio transactions of the Funds

and have full discretion over the management of the Funds' investment activities. While the General Partner will not be separately registered as an investment adviser with the SEC, all of its investment advisory activities will be subject to the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner will be subject to the supervision and control of Pizzey Capital. Thus, the General Partner, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partner.

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

Pursuant to Rule 204A-1 of the Advisers Act, Pizzey Capital has adopted a written Code of Ethics (the "Code") predicated on the principal that the Advisor owes a fiduciary duty to the Funds and its Clients. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Pizzey Capital (the "Employees"). A summary of the Code is provided below. However, Clients may obtain a copy of the full Code and prospective clients may review the full Code, by contacting Peter Moffitt by telephone at (914) 374-7253 or at [peter.moffitt@pizzeypcapital.com](mailto:peter.moffitt@pizzeypcapital.com).

The Code places restrictions on personal trades by Employees, including that they disclose their personal securities holdings and transactions to the Advisor on a periodic basis, and requires that Employees pre-clear certain types of personal securities transactions. The Advisor, its affiliates and its Employees may invest on behalf of themselves in securities that would be appropriate for, held by, or may fall within the investment guidelines of the Fund, subject to a pre-clearance process.

Subject to applicable regulatory restrictions, Employees of the Advisor may choose to personally invest, directly and/or indirectly, in the Fund. Such investors will be in possession of information relating to the Fund and the portfolio not available to other Investors and prospective Investors. As a result, as part of the Code, and other compliance policies and procedures of the Advisor, Employees will be subject to certain restrictions concerning these investments.

## **Brokerage Practices**

### Selection of Brokers and Dealers

The Advisor has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Portfolio transactions for the Fund will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Advisor and/or certain accounts, but not beneficial to all accounts. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Advisor may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction,

talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Fund by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Advisor need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Advisor nor the Fund separately compensates any broker or dealer for any of these other services.

#### Soft Dollars

Section 28(e) of the Exchange Act provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain brokerage and research services (commonly referred to as a “soft dollar” arrangement). Pizzey Capital does not utilize third-party soft dollar arrangements, such as commission sharing accounts or similar brokerage commission conduits whereby Pizzey Capital generates “commission credits” through trading that are used to pay for third party research or related products and services. Pizzey Capital also does not expressly agree to provide a certain level of execution to a broker/dealer in exchange for research products or services.

However, Pizzey Capital may utilize proprietary research provided by brokers or dealers, as well as access to corporate officers of public companies and other access opportunities that provide value to the Company’s investment management activities. The Advisor believes it is important to its investment decision-making processes to have access to such research. In such circumstances, Pizzey Capital will operate within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e).

#### Capital Introduction

From time to time, brokers (including the prime brokers) may assist the Fund in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of Pizzey Capital may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Fund may encounter representatives of the Advisor. Although neither Pizzey Capital nor the Fund compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities will not influence the Advisor in deciding whether to use such broker in connection with brokerage, financing and other activities of the Fund. Subject to its obligation to seek best execution, Pizzey Capital will not consider referrals of investors to the Fund in determining its selection of brokers. However, the Advisor will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

#### Order Aggregation and Average Pricing

If Pizzey Capital determines that the purchase or sale of a security is appropriate with regard to the Fund and any other accounts, the Advisor may, but is not obligated to, purchase or sell such a security on behalf of such accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled

through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally allocated pro rata based on the size of each account's participation in the order (or allocation in the event of a partial fill) as determined by the Advisor. In the event of a partial fill, allocations may be modified on a basis that Pizzey Capital deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Pizzey Capital. As a result, certain trades in the same security for one account (including an account in which the Advisor and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

#### Cross Trades

Pizzey Capital may determine that it would be in the best interests of the Fund and one or more other accounts to transfer a security from one account to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the accounts, or to reduce transaction costs that may arise in an open market transaction. If Pizzey Capital decides to engage in a Cross Trade, the Advisor will determine that the trade is in the best interests of both of the accounts involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those accounts.

Pizzey Capital generally intends to execute Cross Trades, if at all, with the assistance of a broker or dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two Funds may occur as an "internal cross," where the Advisor instructs the custodian for the funds to book the transaction at the price determined in accordance with Advisor's valuation policy. If Pizzey Capital effects an internal cross, the Advisor will not receive any fee in connection with the completion of the transaction.

#### Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an account by the Advisor or its personnel, Pizzey Capital will comply with the requirements of Section 206(3) of the Advisers Act. In connection with principal transactions, Cross Trades, certain other related-party transactions and certain other transactions and matters involving potential conflicts of interest, members of the Board of Directors who are not affiliated with Pizzey Capital will consider and, on behalf of the Investors and, if desired by the Board of Directors, the Investors in any other feeder fund in the master fund, approve or disapprove, to the extent required by applicable law or deemed advisable by the Board of Directors, such related-party transactions and conflicts of interest.

#### Trade Errors

The Fund may on occasion experience errors with respect to trades made on its behalf. Trade errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of the amount of securities the Fund intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the purchase or sale of a security contrary to regulatory restrictions or Fund investment guidelines or restrictions; (vi) incorrect allocations of trades; (vii) keystroke errors that occur when entering trades into an electronic trading system; and (viii) typographical or drafting errors related to derivatives contracts or similar agreements. Trade errors may result in losses or gains.

Pizzey Capital generally will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker or dealer, Pizzey Capital will seek to recover any losses associated with such error from the counterparty. Pursuant to the exculpation and indemnification provided by the Fund to Pizzey Capital and its affiliates and personnel, the Advisor and its affiliates and personnel will generally not be liable to the Funds for any act or omission, absent bad faith, gross negligence, willful misconduct or fraud by such person, and the Funds, as applicable, will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, as applicable, absent bad faith, gross negligence, willful misconduct or fraud by such person.

As a result of these provisions, the Fund (and not Pizzey Capital) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct or fraud. Pizzey Capital will offset any such net gains and net losses resulting from trade errors and, in the case of net losses for which the Advisor is responsible under the exculpation provisions, Pizzey Capital will reimburse the Fund for such net losses.

## **Review of Accounts**

All investments will be reviewed and approved by Mr. Kelly, as Chief Investment Officer. Investments within the Fund's portfolio will be reviewed and the Investment Committee will meet regularly to discuss items such as: investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

## **Client Referrals and Other Compensation**

Pizzey Capital may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third-party placement agents may be paid by the Funds, but will be reimbursed by Pizzey Capital by offsetting its Management Fees.

## **Custody**

Pizzey Capital will have direction and management of all assets of the Fund. The assets of the Fund are not reported to investors as part of the monthly NAV statements. Instead, the Funds will be subject to an annual audit by an independent public accountant (that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, in the case of

the onshore feeder Fund) and the audited financial statements will be distributed to each Investor. The audited financial statements will be prepared in accordance with GAAP and distributed within 120 days of each Fund's fiscal year end.

## **Investment Discretion**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner or Board of Directors, depending upon the Fund, Pizzey Capital will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Pizzey Capital has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the Fund's best interest and is in line with each Fund's investment objectives.

Pizzey Capital may take into account all relevant factors, as determined by the Advisor in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the relevant Fund and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Pizzey Capital may refrain from voting where the Advisor believes that voting would be inappropriate, taking into consideration the cost of voting and the anticipated benefit to the Funds. Generally, Investors and the Funds may not direct the Advisor's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and the Advisor or its affiliates on the other hand. If Pizzey Capital determines that it may have, or is perceived to have, a conflict of interest, the Advisor will vote in accordance with its proxy voting policies and procedures. Clients may obtain a copy of Pizzey Capital's proxy voting policies and procedures and/or its proxy voting record by contacting Peter Moffitt by telephone at (914) 374-7253 or at [peter.moffitt@pizeycapital.com](mailto:peter.moffitt@pizeycapital.com).

## **Financial Information**

A balance sheet is not required to be provided as Pizzey Capital (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.