

Cygnus Asset Management SGIIC, SA

Suero de Quiñones 34-36 - 3º
28002 Madrid (Spain)

E-mail: iserra@cygnus-am.com

T. +34 91 789 2258

May 27, 2014

This Brochure provides information about the qualifications and business practices of Cygnus Asset Management SGIIC, SA (“CYAM”). If you have any questions about the contents of this Brochure, please contact us at 34 91 789 2258. 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.

CYAM is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.

Additional information about CYAM also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

CYAM has made the following updates to its Brochure since CYAM filed its initial Brochure on December 9, 2013:

- CYAM's Clients (as defined below) now include a separately managed account. See Item 4.
- CYAM has added a Client for which it implements additional sub-strategies to its Europa Event Driven strategy. See Item 8.

ITEM 4. TABLE CONTENTS

Item 1 – Cover Page	
Item 2 – Material Changes	i
Item 3 – Table of Contents	ii
Item 4 – Advisory Business.....	3
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	20
Item 16 – Investment Discretion	20
Item 17 – Voting Client Securities	20
Item 18 – Financial Information.....	21

ITEM 4. ADVISORY BUSINESS

- CYAM is a Spanish company, registered with the Spanish Comisión Nacional del Mercado de Valores as a Sociedad Gestora de Instituciones de Inversión Colectiva or “SGIIC” (Official Registration Number 213). CYAM is authorized to act as a discretionary investment manager in Spain (which is generally the equivalent of a registered investment adviser in the U.S.).
- CYAM was the first independent asset management firm in Spain with authorization to manage hedge funds. CYAM began operations in December 2005 and changed its legal structure to the current one in October 2006.
- CYAM is wholly owned by Zisne Capital, SA (“**Zisne**”) and Dos Robles Capital SA. (“**Dos Robles**”), which hold 70% and 30% of the shares in CYAM, respectively. The key principals of CYAM are Juan Cruz Alonso, Isabel Serra, and Jose Maria Amusatogui.
- CYAM provides discretionary investment management services to multi-fund investment companies, investment companies, alternative investment funds, foreign funds such as Undertakings for Collective Investments in Transferable Securities (“**UCITS**”), venture capital funds and other pooled investment vehicles and separately managed accounts (collectively, “**Clients**”).
- CYAM’s investment strategy is based on the development of specialized and differentiated alternative investment vehicles. CYAM’s principals invest alongside unaffiliated investors in the alternative investment vehicles managed by CYAM. The strategies utilized by CYAM are described more fully in Item 8 below.
- The members of the CYAM team come from diverse professional backgrounds with experience in various areas of finance and international investing. CYAM seeks to create a highly motivated environment, where integrity, effort, dedication, respect, talent, merit and teamwork are of the utmost value. As far as is within its possibilities CYAM endeavors to adhere to corporate social responsibility policies as well as policies for parental leave.
- CYAM’s Clients generally hold publicly traded stocks, bonds (investment grade and high yield), futures, equity listed options, plain vanilla equity swaps, credit default swaps and private securities.
- As of April 30th 2014, CYAM managed approximately \$465 of assets on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

- CYAM’s standard management fees range between 1% to 2.44% of total assets. Most Clients pay a 2% management fee. Such management fees are payable in arrears at the end of each calendar quarter.
- CYAM may also receive performance-based compensation ranging between 10% to 20% of the increase in the net asset value of Client accounts (taking into account both realized and unrealized gains) during a calendar year, above a “high water mark” (i.e., the previous highest net asset value at which performance-based compensation was paid). Performance-based compensation generally is charged annually in arrears and upon an intra-year redemption by an investor in a Client.

- CYAM's fees vary between Client accounts based on a variety of factors that include, without limitation, complexity, size of assets, lock-up periods and the relationship between the Client and CYAM. CYAM fees for a Client account may be amended from time to time if the conditions for such amendments agreed upon in advance by CYAM and such Client are met.
- CYAM's fees are deducted directly from Client accounts.
- Each Client has the right to terminate its advisory agreement with CYAM upon written notice as set forth in such Client's advisory agreement. Upon termination of any Client account, any earned, unpaid fees will be due and payable. Withdrawals or redemptions by investors in a Client can be made on the terms described in such Client's offering memorandum.
- CYAM's fees do not include: brokerage and transaction costs, auditing, administration and custodial fees, taxes and other costs and expenses related to the trading and maintenance of Client accounts. Such fees and costs are in addition to CYAM's fees, and CYAM does not receive any portion of these commissions, fees, and costs.
- In relation to brokerage and transaction costs, CYAM attempts to negotiate with the brokers and other intermediaries the most favorable rates for its Clients. Item 12 below describes the factors that CYAM considers in selecting broker-dealers and determining the reasonableness of their compensation (e.g., commissions).
- CYAM does not receive any sales commissions or referral fees from any source.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

- CYAM may receive performance-based compensation. See Item 5 above.
- Such performance-based fee arrangements may create an incentive for CYAM to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities to trade investment ideas for higher fee paying accounts ahead of other accounts or take other actions which favor the higher fee paying accounts.
- Nonetheless, CYAM seeks to treat all Clients in a fair and equitable manner, and we will act in a manner that it believes to be in the best interests of all of its Clients. To that end, CYAM has established a variety of policies and other controls regarding allocation of investment opportunities, including those seeking to manage the conflicts of interest identified in this Item 6. Please see Item 11 below for more information about CYAM's allocation policies.

ITEM 7. TYPES OF CLIENTS

- CYAM provides discretionary investment management services and non-U.S. institutional Clients consisting of multi-fund investment companies, investment companies, alternative investment funds, foreign funds such as UCITS, venture capital funds and other pooled investment vehicles

and separately managed accounts. Each pooled investment vehicle has a minimum investment requirement for investors as set forth in the vehicle's offering memorandum, which may be waivable in CYAM's discretion.

- Approximately 80% of the investors in Clients managed by CYAM are domiciled in Europe and the United States.

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

CYAM manages Client assets based on four main investment strategies described below.

Utilities, Infrastructure and Renewables – Long/Short Strategy

- **Description.** This strategy invests primarily in equity securities of companies in the European utility and energy sectors, including traditional electricity, gas, water, infrastructure, as well as companies involved in renewable energy such as wind and solar power generators and manufacturers, in order to achieve attractive risk adjusted returns over the medium term. It will take both long and short positions in its investment universe.
- **Methods of analysis.**

Top-down and bottom-up approaches are generally used for the stock selection. The research team seeks to focus on two types of models to conduct its bottom up research:

1. **Energy models**, looking to gain information on: a) sensitivity of power prices to the different commodities; b) demand and supply of energy; and c) Infrastructure build-up/build-out and potential supply effects.
2. **Company specific models**, looking to gain information on: a) valuation ranges; and b) sensitivities to major factors.

The purpose of the corporate and energy models is to enable the research team and portfolio managers (“PM”) to test the impact of various changes in commodity prices, energy supply, and regulatory/structural changes on the value of companies in their universe.

In the top-down approach, the overall market environment is also evaluated. From this process, the PM aims to gather information which will help him decide a range of gross and net portfolio exposure that is reasonable based on the view of the riskiness of the top-down environment.

This research process is ongoing, and with this information CYAM seeks to position the portfolio within the following buckets:

1. **Trading:** Usually through pairs, looking to take advantage of short term dislocations because of flow or risk reduction.
2. **Driver / Lagger:** Looking to take advantage of lagging equity prices with respect to the movement of their major factors, including, without limitation, commodity prices and regulation.

3. **Event:** Focusing on mostly unannounced deals, divestments, and other corporate activity within the investment universe.
4. **Micro:** Seeking over and undervaluation gaps in the universe of focus.
5. **Hedging:** The PM may utilize different hedging techniques, seeking to reduce market directionality in the portfolio.

Utilities, Infrastructure and Renewables – Value strategy

Description. This strategy follows a value approach and invests in companies in the electricity, oil and gas, infrastructure, water and renewable energy sectors in Europe. The Client utilizing such strategy is managed by the same investment team that is responsible for the Client utilizing the long/short strategy. Such Client is set up as a foreign fund which falls under the Undertaking for Collective Investments in Transferable Securities, UCITs.

Methods of Analysis.

The investment team follows a value approach, seeking to invest in the best fundamental long ideas contained in the Cygnus Utilities, Infrastructure and Renewables long/short strategy. It seeks to identify structural trends in each of the sub-sectors, and invest in the those companies which have the management teams that will be able to benefit from these trends.

Europa Event Driven Strategy

- **Description.** This strategy seeks to obtain returns by investing primarily in arbitrage, event-driven, special situation, relative value, and other market-independent strategies. In addition, with respect to certain Clients that follow this strategy, CYAM will seek to capture investment opportunities by investing in corporate issuers that currently are, or prospectively will be, involved in a variety of transactions or other events, including mergers, spin-offs, tender offers, shareholder buybacks, debt exchanges, securities issuance or other capital structure adjustments and regulatory changes. The portfolio will consist of both long and short positions based on the results of CYAM's fundamental and technical analysis. CYAM will attempt to dynamically allocate assets to a variety of sub-strategies, including:
 - **Capital Structure Arbitrage.** Capital structure arbitrage involves the purchase (long) and sale (short) of two securities of the same issuer in order to seek to take advantage of aberrations in the relative pricing of the two securities. For example, a Client may establish long and short positions between the debt and equity securities of a given company, or in the case of a sovereign entity, between two bonds. The high correlation between the long and short positions diminishes the risk of permanent impairment of capital.
 - **Relative Value.** Relative Value seeks to profit from valuation misalignments among similar types of risks expressed through pair trades in common stocks, credit and options among others possibilities.

- **Other Arbitrages and Special Situations.** Other strategies to be implemented may include closed-end fund arbitrage, index rebalancing, convertible arbitrage, exchange offers, liquidations, short-term senior distressed debt, litigation claims and other similar strategies.

In addition, with respect to certain Clients that follow this strategy, CYAM will attempt to dynamically allocate assets among the following additional sub-strategies:

- **Risk Arbitrage.** Risk arbitrage is an investment technique that seeks to capture the spreads that are created between the existing market price of a security and the anticipated value of that security based upon an announced or anticipated merger, tender, spin-off or similar transaction. Returns tend to be market independent as they are tied to the successful completion of the particular merger or similar transaction rather than to movements in the market as a whole.
- **Value.** Value investing seeks to profit from short term market inefficiencies that result in securities being mispriced in relation to their long term intrinsic value. A Client may at times invest in a concentrated portfolio of value oriented positions in fixed income or equity securities.
- **Methods of analysis** The investment process is built on a combination of fundamental and technical analysis and active portfolio management, where CYAM seeks to employ the following investment methodologies:
 - **Fundamental analysis and methodology.** Analysis of industry structure and dynamics, with a special emphasis on:
 - Changes in industry structure, and the competitive, legal or regulatory environments; and
 - Supply trends: capacity additions and removals.
 - **Comprehensive review of the financial and operating performance.**
 - **Financial and legal evaluation of all claims and contracts.** CYAM seeks to focus on:
 - Bond and loan covenants;
 - Pension obligations and post-retirement medical and other benefits;
 - Off-balance sheet financing, leases; and
 - Long-term contracts.
 - **Technical factors.** Investment candidates must pass some technical tests to determine eligibility and position size, including:
 - Concentration: Industry, currency, region.
 - Liquidity: Typical position size less than three days of trading volume.
 - Volatility: Position size adjusted for volatility.
 - Correlation: New asset correlation with portfolio – historic and thematic.

Amerigo Innvierte Spain Technologies : Venture capital in mobile and internet applications strategy

- **Description.** This strategy seeks to invest in mobile and internet start-ups in their early stages. CYAM acts as a business angel in order to: 1) bring a professional and methodic management approach to the start-ups; and 2) accelerate their growth.
- **Methods of analysis**

The potential investments can be classified in one of the following categories:

- **Type I (“Imported Business Model”).** Type I investments consist of companies with a business model that, in the view of CYAM, has been a success in other markets (i.e., U.S.A. and European countries) and that has not yet been developed in the Spanish market.
- **Type II (“Active Involvement”).** Type II investments are already established companies that are looking for financing in order to develop their business plan. Usually these companies are in their first financing round after the seed phase, during which the source of the equity of the company has been the founding partners and friends and family.
- **Type III (“Global Opportunities”).** Type III investments include different investment opportunities, which are analyzed by CYAM at its discretion. Usually these investments are in their first financing round, although in some cases CYAM may decide to invest in companies that have already completed their first financing round.

The investment criteria are the following:

- Diversification by geography, sub-sector and investment class.
- Companies that operate in non-saturated markets or that the size of the market allows several competitors.
- Business opportunities that will be profitable in a "reasonable" short period of time.
- Companies that are not capital intensive.
- Experience and compromise of the management team with the project.
- The business model must be scalable to other markets.

General Risks

- **Market Risk.** The market price of securities may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

- **Issuer or Specific risk** The value of a security may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.
- **Market Liquidity Risk.** Investments may be or become difficult to sell. During periods of market turbulence or low trading activity, in order to meet withdrawals it may be necessary to sell securities at prices or times that are disadvantageous. Additionally, the market for certain investments may be or become illiquid independent of any specific adverse changes in the conditions of a particular issuer. The market for lower-quality debt securities is generally even less liquid than the market for higher-quality securities. Adverse publicity and investor perceptions, as well as new and proposed laws, also may have a greater negative impact on the market for lower-quality securities.
- **Redemption Risk.** In the event that there are substantial redemptions from a Client's account, it may be more difficult for this account to generate the same level of profits operating on a smaller capital base and CYAM may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay redemptions, CYAM might be required to liquidate positions at an inappropriate time or on unfavorable terms
- **Currency Risk.** Direct investments in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, will be subject to the risk that those currencies will decline in value relative to the base or local currency. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments. As a result, investments in foreign currency-denominated securities may reduce returns.
- **Leverage Risk.** Leverage involves the borrowing of funds from brokerage firms, banks, and other institutions and may also be embedded in financial instruments, including short sales and derivatives, which enable investors to gain exposure to assets whose value exceeds the amount of capital necessary to obtain such exposure. The use of leverage allows to increase the exposure to certain assets, such that total assets may be greater than capital invested. However, the use of leverage may also magnify the volatility (risk) of any portfolio. The effect of the use of leverage in a portfolio may result in greater losses to the portfolio than would be the case if leverage were not used.

Equity Risks

- **Equity Securities Risk.** The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The price of equity securities may decline due to factors that affect a particular industry or industries, or due to general market conditions unrelated to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor interest.

Interest Rate risks

- **Interest Rate Risk.** Fixed income securities may decline in value because of changes in interest rates. Generally, the value of debt securities falls as interest rates rise. Fixed income securities differ in their sensitivities to changes in interest rates. Fixed income securities with longer effective durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter effective durations. Effective duration is determined by a number of factors including coupon rate, whether the coupon is fixed or floating, time to maturity, call or put features, and various repayment features.
- **Inflation Risk.** Inflation-indexed debt securities are subject to the effects of changes in market interest rates caused by factors other than the inflation (real interest rates). In general, the value of an inflation-indexed securities tends to decrease when real interest rates increase. Thus, generally, during periods of rising inflation, the value of inflation-indexed securities will tend to increase and during periods of deflation, their value will tend to decrease. Interest payments on inflation-indexed securities are unpredictable and will fluctuate as the principal and interest are adjusted for inflation. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services.
- **Mortgage-Related and other Asset-Backed Risk.** Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in future interest rates. As a result, in a period of rising interest rates these investments may lengthen and exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce returns because the Client may have to reinvest cash at the lower prevailing interest rates. Investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the underlying assets and the servicing of those assets.

Credit and Counterparty Risks

- **Credit and Counterparty Risks.** An investor could lose money if the issuer or guarantor of a fixed income security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, repurchase agreement, loan of portfolio securities or

prime brokerage arrangement, is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services or otherwise) as unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. A downgrade of the credit of a security may also decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. If the issuer of a security is in default with respect to interest or principal payments, an investor may lose its entire investment.

- **High Yield Risk.** Investments in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) may be subject to greater levels of credit and liquidity risk than investment grade securities. High yield securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of high or rising interest rates could adversely affect the market for these securities.
- **Distressed Securities Risk.** The investment in distressed securities may be subject to greater levels of credit, issuer and liquidity risk than a portfolio that does not invest in such securities. Distressed securities include both debt and equity securities. Distressed debt securities are considered predominantly speculative with respect to the issuers’ continuing ability to make principal and interest payments. These issuers may also be involved in restructuring or bankruptcy proceedings that may be not successful. An economic downturn or a period of rising interest rates could adversely affect the market for these securities and reduce their liquidity. Therefore distressed securities are a high risk assets, where the investor may lose its entire investment.
- **Prime Broker Risk.** Our Client portfolios may be held in custody by prime brokers. The prime brokers, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of the prime broker’s insolvency. However, the practical effect of these laws and their application to a portfolio’s securities positions are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, it is impossible to generalize about the effect of a prime broker’s insolvency on a portfolio and its securities positions. The insolvency of any prime broker could result in: 1) in the loss of all or a substantial portion of a portfolio’s securities positions held by such prime broker; and 2) substantial disruption of the fund’s operations, including withdrawals by investors.
- **Rehypothecation Risk.** Rehypothecation is the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Therefore in case the bank or the broker goes bankrupt, the Client may suffer losses equal to rehypothecated assets.
- **Securities Lending Risk.** Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a portfolio may lose money and there may be a delay in recovering the loaned securities. The portfolio could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain potential adverse tax consequences.
- **Convertible Securities Risk.** Convertible securities have a combination of equity and debt characteristics. These securities may at times behave more like equity than debt or vice versa. Some types of convertible bonds, preferred stocks or other preferred securities automatically convert into common stocks or other securities at a stated conversion ratio and some may be subject to redemption at the option of the issuer at a predetermined price. These securities, prior

to conversion, may pay a fixed rate of interest or a dividend. Because convertible securities have both debt and equity characteristics, their values vary in response to many factors, including the values of the securities into which they are convertible, general market and economic conditions, and convertible market valuations, as well as changes in interest rates, credit spreads and the credit quality of the issuer.

Derivatives Risks

- **Derivatives Risk.** Derivatives are financial contracts whose value depends on, or are derived from, the value of an underlying asset, reference rate or index. Derivatives are typically used as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Managers may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Certain derivative instruments can lose more than the principal amount invested.

Political and Regulatory Risks

- **Political and Economic Risks.** Investing in foreign securities is subject to the risk of political, social, or economic instability, variation in international trade patterns, the possibility of the imposition of exchange controls, expropriation, confiscatory taxation, limits on movement of currency or other assets and nationalization of assets. Any of these actions could severely affect securities prices or impair the ability to purchase or sell foreign securities or transfer assets or income back into the U.S. The economies of certain foreign markets may not compare favorably with the economy of the U.S. with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Other potential foreign market risks include difficulties in pricing securities, defaults on foreign government securities and difficulties in enforcing legal judgments in foreign courts. Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of an account's investments, in non-U.S. countries. These factors are extremely difficult, if not impossible, to predict and take into account.
- **Government and Regulatory Risks.** The intervention of governments in the markets (i.e. purchase of assets, rescue of financial institutions, short term interest rates intervention, taxing financial transactions), the introduction of new regulations or changes in the existing ones can affect significantly the value of the securities held in a portfolio.
- **Redenomination Risk (Euro Risk).** Any partial or complete dissolution of the EMU (European Monetary Union) could have significant adverse effects on financial markets and the value of the securities of our Client's portfolios.

- **Tax Risks.** Tax laws and regulations are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes.

Operational Risks

- **Operational Risk.** Operational risks arise from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in our operations may cause financial loss, the disruption of the normal course of business, liability to Clients or third parties, regulatory intervention, or reputational damage.
- **Systems Risk.** The asset management industry relies extensively on computer programs and systems to implement its strategies and to trade, clear and settle securities transactions, to monitor portfolios, and to generate risk management and other reports that are critical to oversight of our activities. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer “worms,” viruses and power failures. Any such defect or failure could have a material adverse effect.
- **Valuation Risk.** Some securities due to its illiquidity or complexity may be difficult to value, and valuations may change, resulting in the risk that these securities have been valued at a higher price than it can sell them.
- **Key Personnel Risk.** The effectiveness of the investment strategies is largely dependent upon the continued services of Juan Cruz for the Utilities long/short and value strategies, José Luis Pérez for the Europa Event Driven strategy and Aquilino Peña and Javier Torremocha for the Amerigo strategy. The loss of the services of one of these key persons could have a material adverse effect on CYAM’s ability to implement its strategies.

Asset Management Risks

- **Event Driven Risk.** CYAM pursues an investment strategy which centers on discovering catalysts and discerning relationships among financial instruments that other investors may have overlooked. Unless the anticipated event occurs or the relationships foreseen by CYAM are accurate over the timeframe anticipated by CYAM, a Client could realize a loss which sometimes may be significant.
- **Arbitrage Risk.** The investment in securities pursuant to an arbitrage strategy in order to take advantage of a perceived relationship between the value of two securities presents certain risks. Securities purchased or sold pursuant to an arbitrage strategy may not perform as intended, which may result in a loss. Additionally, issuers of a security involved in an arbitrage strategy are often engaged in significant corporate events, such as: restructurings, acquisitions, mergers, takeovers, tender offers or liquidations that may not be completed as initially planned or may fail. The consummation of a merger, tender offer or exchange offer can be prevented or delayed, or the terms changed, by a variety of factors, including: (i) the opposition of the management or shareholders of the target company, which may result in litigation to enjoin the proposed transaction; (ii) the intervention of a governmental or other regulatory body or agency; (iii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, the failure to obtain the necessary shareholder (or, in some cases, regulatory) approvals; (v) material adverse changes in the target’s or acquirer’s business, financial condition and/or prospects; (v)

market conditions resulting in material changes in securities prices; and (vi) the failure of an acquiror to obtain the necessary financing to consummate the transaction. In liquidations and other forms of corporate reorganizations, there exist risks that the reorganization is unsuccessful (for example, if requisite approvals cannot be obtained), is delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which is less than the price paid by a Client for the security in respect of which the distribution is made. In certain transactions, a Client may not be adequately hedged against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

- **Short Sale Risk.** Short sales are subject to special risks. A short sale involves the sale of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. Short positions can be also achieved through derivatives (futures contract, swap agreement). If the price of the security or derivative has increased during this time, then a loss will be incurred corresponding to the increase in price plus any premiums and interest paid. In the case of leveraged short positions the loss can exceed the initial investment. Also, there is the risk that the counterparty to the short sale may fail to honor its contract terms, causing a loss.
- **Non Diversification Risk.** Focusing investments in a small number of issuers, industries or foreign currencies increases risk. “Non-diversified” portfolios may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular company) than funds that are “diversified.” Portfolios that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.
- **Financially Distressed Companies.** CYAM may invest in securities of companies that are experiencing significant financial or business difficulties, including bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant return, they involve a significant degree of risk and may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that CYAM will evaluate correctly the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which CYAM invests, a Client may lose its entire investment or may be required to accept cash or securities with a value less than the Client’s original investment. Under such circumstances, the returns generated from the Client’s investments may not compensate the Client adequately for the risks assumed.

Venture Capital Risks

The major risks of the Venture Capital Strategy are:

- **Market Adoption Risk.** Market adoption refers to the fact that demand for a new product is usually unknown in advance. The adoption of a new product, service or technology ultimately depends on the customers, and can be influenced by the venture only to some limited extent. An additional source of market adoption risk appears in B2B markets with high levels of market

concentration, where a small number of potential buyers decide about the adoption of a new technology and act as gatekeepers for the venture to reach the final customer.

- **Market Timing Risk.** There are many stories about technologies that have being introduced ahead of their time and have failed. Market timing risk is often hard to evaluate, but nevertheless, it's an important consideration for the VC investor.
- **Technology Risk.** Another form of risk associated with VC investments results from the fact that it is often unknown in advance whether or not a new technology will ultimately work. Technology risk can be managed to some extent by VCs requiring a working prototype before they invest, and by staging investments, so that later financing rounds are tied to the achievement of certain milestones in technology development. Technology risk is particularly important when it comes to technologies that are capital intensive to develop and have long lead times.
- **People Risk** The success of VC investments crucially depends on the ability of entrepreneurs and venture managers to grow the company, or to “execute” to use a term from typical VC jargon. This is once again something that can be judged in advance only to a limited extent. High-growth companies constantly change, and that means constant changes in the challenges that their management faces. Apart from careful selection of the investment target and due diligence on the management team, this risk is typically managed by close monitoring of the investment, coaching the team as the company grows, and sometimes by replacing the existing management.
- **Financial Risks.** The lack of funding is one of the major risks that face many start-ups. Therefore before investing in a new company it is critical to assess its financial needs in order to achieve its business goals.
- **Legal Risk.** The main causes of the legal risk are lawsuits for patent or copyright infringement, and complaints with early employees or founders.
- **Regulatory Risk.** The main source of regulatory risk, or political risk, is government regulation of the end market(s) that the venture aims to serve.
- **Exit Risk.** The opportunity to exit investments after some years is a key part of the venture capital cycle, because it allows VC investors to get a quantitative measure for the VC fund manager's skill, and it allows the VC to reapply his competencies to a specific part in the life cycle of a company's development where he adds most value. Exits can take five forms, of which the first two are most relevant: (1) a public offering of the company's shares (IPO), (2) a trade sale (or acquisition), where a larger company acquires the shares of the venture, (3) a secondary sale, where the VC sells its share in the company to a third party like a strategic investor or another VC, (4) a buyout, where the VC sells its share to the entrepreneurial firm or its management, and finally, but less desirable, (5) a write-off in case of the venture's failure.

ITEM 9. DISCIPLINARY INFORMATION

CYAM does not have any disciplinary or legal events to report.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CYAM does not have any other financial industry activities and affiliations.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CYAM has adopted a Code of Ethics (the “**Code**”) which sets forth the ethical and fiduciary principles and related compliance requirements under which CYAM operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

The Code contains policies and procedures that, among other things:

- prohibit CYAM employees from taking personal advantage of opportunities belonging to Clients;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by CYAM employees and impose preclearance (in certain cases) and reporting obligations with respect to trading; and
- require initial and annual reports of securities holdings and quarterly transaction reports by CYAM employees.

CYAM’s Code is available to any Client or prospective client upon request by contacting Blanca Gil Antonanzas at +34 91 789 2258.

Trading Conflicts Between Client Accounts and CYAM-Related Accounts

CYAM, consistent with Clients’ investment objectives and in accordance with applicable law, may cause accounts it manages to effect, and will recommend to Clients or prospective clients the purchase or sale of securities in which CYAM, its employees, officers and/or owners (collectively, “**Related Persons**”) directly or indirectly, have a position or interest (“**Personal Accounts**”). Personal Accounts are managed by the Related Persons utilizing strategies that differ from CYAM Client account strategies.

Certain Related Persons that are members of the investment team utilizing a long/short strategy for Clients (“**Restricted Persons**”) are restricted and may not invest in the equity securities of those companies included in the investment universe of any Client or in any other financial instrument that could have any exposure to these securities (“**Restricted Securities**”). CYAM’s compliance department maintains a list of Restricted Securities for such Restricted Persons and updates such list quarterly.

Subject to the restrictions set forth above, Personal Accounts may invest in the same securities as Client accounts at or about the same time as Client accounts. This creates various conflicts of interest because Related Persons may have an incentive to achieve better performance for Personal Accounts than Client accounts.

Nonetheless, CYAM believes this conflict of interest is greatly mitigated by the fact that generally the securities CYAM invests in for Client accounts are liquid and readily available investments. Furthermore, with respect to Personal Account trading of Restricted Securities CYAM requires preclearance of any Personal Account trade by Related Persons that are not Restricted Persons, and by members of CYAM's board of directors. In addition, CYAM monitors Personal Account trades by reviewing transaction reports and holding reports required to be submitted under the Code. Related Persons are restricted from trading on any positions held in a Personal Account for a period of one month after obtaining such position.

Allocation Policies

From time to time, it may be appropriate for more than one Client with a similar strategy to trade in the same securities at the same time. Generally, CYAM determines prior to a trade the amount of securities it wishes to sell or purchase for Client accounts. For all accounts managed according to the same investment strategy ("**Parallel Accounts**"), CYAM will generally (subject to the exceptions described below) invest or divest uniform percentages of each Parallel Account's total assets in or from identical securities ("**target percentages**") based on the size of such Parallel Account on the first day of each calendar month. Target percentages are generally decided prior to placing an order.

For example, CYAM could determine that for all Parallel Accounts managed according to the long/short strategy it wishes to invest 3% of the accounts' holdings (based on the first day of the calendar month) in XYZ security while for Parallel Accounts managed according to the Event Driven Strategy it wishes to invest 1% of the accounts' holdings (based on the first day of the calendar month) in XYZ security. PMs may consider some or all of the following factors in making decisions as to the amount of a security to purchase or sell for accounts held in a particular investment strategy: the strategy's investment objective, policies, restrictions, risk tolerance, time horizon, portfolio construction, tax sensitivity, desired market capitalization range, nature and size of accounts held in the strategy, suitability, tolerance for portfolio turnover, availability of cash or buying power, and whether the strategy's accounts are eligible to participate in a trade pursuant to compliance regulations. Sometimes specific accounts in the strategy will not be allocated the security or will be allocated a lower amount of the security than the target percentage for the strategy because of the accounts' particular investment restrictions, risk tolerance, time horizon, tax sensitivity, nature and size, tolerance for portfolio turnover, liquidity and size limitations, availability of cash or buying power, and whether they are eligible to participate in a trade pursuant to compliance regulations.

When making target percentage decisions, decisions for each account must be made for investment management reasons and in the best interests of each account and not to favor one Client over another.

When placing orders to purchase or sell the same security for more than one Client, CYAM seeks, but is not obligated, to aggregate, or bunch orders ("**block trading**") when CYAM deems it appropriate and in the best interests of the Client accounts. All eligible accounts generally participate pro rata in the block purchases or sales according to the target percentage established for each participating

account and bear pro rata the commission cost. All portions of a block trade executed through the same broker-dealer will be allocated at the average price obtained by the broker- dealer on that day.

If partial sales or purchases are made of equity securities, the allocation of the equity securities to the accounts shall be on the same ratio as the actual transactions bear to the intended target percentages. Exceptions to this policy may occur. For example, if one or more accounts would be unable to meet an investment objective, or if a pro rata allocation results in a de minimis allocation to certain accounts, CYAM may deviate from the preallocation formula. These procedure are designed to treat all Clients fairly when there are limited investment opportunities. However, it should be noted that if CYAM did not manage multiple Client accounts each Client individually may be able to receive or sell a greater percentage of the security. Consequently, when multiple Clients participate in limited opportunity trades, each participating account reduces the opportunity available to other participating accounts.

While CYAM's goal is to be fundamentally fair to all Clients on an overall basis with respect to the allocation of investment opportunities, on a trade-by-trade basis some Clients may be treated more favorably than other Clients.

ITEM 12. BROKERAGE PRACTICES

Selecting Financial Intermediaries and Brokers

- In connection with the execution of its securities transactions, CYAM generally will have the authority to determine, without obtaining specific Client consent, the financial intermediary or broker (collectively "**Broker**") to be used and the commission rate paid.
- CYAM evaluates the proposed terms of engagement of Brokers based on a variety of factors, including: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions can be effected; the competitiveness of the commission rates; the terms of borrowings available from the Broker; the financial strength, integrity and stability of the Broker; and the quality, comprehensiveness and related services considered to be of value. There is, however, no guarantee that the Brokers selected will perform as expected. While CYAM generally seeks reasonably competitive commission rates, it does not necessarily pay the lowest spread or commission available.
- Best Execution is reviewed annually by a Best Execution Committee. The Best Execution Committee consists of the trader, the Chief Compliance Officer and the Chief Investment Officer. The Best Execution Committee will analyze Brokers used by CYAM in light of the above stated factors to determine annually whether: 1) a Broker should continue to be approved; 2) whether any limitations should be set on the volume of trades to be sent to a particular Broker; and 3) whether there should be heightened scrutiny over the coming two quarters of any Broker.
- The Brokers may also provide custody services.

Directed Brokerage

- When permitted by applicable law, CYAM may accept specific Client instructions regarding directing a Client's brokerage transactions to a particular broker-dealer. Such Client instructions must be in writing. Any Client instructions regarding directed brokerage are maintained by CYAM's compliance group.
- If a Client instructs CYAM to utilize a particular broker-dealer, such trades may not be included in aggregated trades and may be executed after trades for non-directed accounts. Therefore, directed brokerage Clients may receive less favorable trade execution, pay higher prices for the securities and may miss limited opportunity investments that other Clients took advantage of by participating in aggregated trades. In addition, CYAM will not negotiate commissions for directed trades and such trades may not obtain volume discounts. Consequently, directed brokerage Clients may pay higher commissions than non-directed brokerage Clients.

Soft Dollar Benefits

CYAM's policy is not to utilize research, research-related products or other brokerage services on a soft dollar basis.

ITEM 13. REVIEW OF ACCOUNTS

- CYAM monitors all portfolios for compliance with the Client's investment guidelines. This is consistent with its fiduciary responsibility to manage the account in the best interest of the Client. Portfolio managers also monitor market conditions that can affect the Client's portfolio.
- The portfolio managers have access in real time to the holdings of their portfolios they advise.
- On a daily basis the portfolio managers are informed about: 1) the performance and net asset value of their portfolios by the Operations Department; and 2) the compliance with the risk limits of their portfolios by the Risk Department.
- Monthly written reports are prepared for each portfolio and sent to the investors in a Client account. These reports contain the following information: net asset value, leverage, risk measures, risk adjusted performance, correlation with the market. They also include a commentary describing the performance, market conditions and the most relevant events during the period.
- CYAM's Operations Department receives copies of all transaction confirmations from brokerage houses and have access to the Client accounts in the different prime brokers.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

- CYAM does not pay any parties for the referral of any Client.

- CYAM does not receive any economic benefits from non-Clients in connection with the provision of investment advice to Clients.

ITEM 15. CUSTODY

- CYAM does not act as custodian for Client assets. All of CYAM's Clients' accounts are held in custody by unaffiliated broker-dealers or banks. However, under Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), CYAM may be deemed to have custody of Client assets.
- In the case of funds advised by CYAM, such funds have made arrangements with qualified custodians as disclosed in the relevant offering and other fund documents.
- In the case of separate accounts, appointment of a custodian is a prerequisite to CYAM's management of Client assets. Clients must select and appoint their own custodian, whose services and fees will be separate from CYAM's fees. Clients are responsible for independently arranging for all custodial services, including negotiating custody agreements and fees and opening custodial accounts. Such custodians must send quarterly account statements to the Client which the Client should review carefully.

ITEM 16. INVESTMENT DISCRETION

All decisions regarding investment and trading of each account are made by CYAM, unless the Client and CYAM have agreed to other terms. In this task, CYAM is subject to the investment guidelines, objectives and restrictions found in the offering memorandum for the account and/or the investment agreement for the account.

CYAM provides discretionary investment management services to a Client only if the Client and CYAM have signed a written investment management agreement authorizing CYAM to have discretionary authority over the Client account.

ITEM 17. VOTING CLIENT SECURITIES

CYAM exercises discretion to vote proxies for Clients' securities in accordance with its proxy voting policies and procedures. CYAM's proxy voting policy is to vote all Client proxies in the Client's best interest, considering such facts as it deems material.

Each proxy is initially reviewed by the portfolio manager for the account receiving the right to vote the particular proxy. If the portfolio manager determines that no conflict of interest exists between the CYAM or a related person and the Client in voting the proxy, the portfolio manager will vote the proxy in what he or she believes to be in the best interest of the Client.

Where the portfolio manager of an applicable strategy identifies a potential conflict of interest with respect to a particular proxy between the Client and CYAM or a related person (such as if CYAM or a related person is affiliated or associated with an issuer or CYAM holds the issuer's securities on a

proprietary basis), it will submit the proxy to CYAM's Proxy Voting Committee to determine how to vote the proxy in the best interest of the Client. The Proxy Voting Committee includes the Chief Compliance Officer, the Chief Investment Officer and the head trader. A majority of the Proxy Voting Committee must agree as to the position on the proxy vote that will be in the best interests of the Client.

CYAM's proxy voting policy and procedures are available upon request. A Client may obtain CYAM's proxy voting policy and procedures or a record of CYAM's proxy voting for such Client by contacting Blanca Gil Antonanzas at +34 91 789 2258.

ITEM 18 – FINANCIAL INFORMATION

CYAM has no financial condition that impairs its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy proceeding.