

Altemis Capital Management, LLC

Form ADV Part 2 – Firm Brochure

March 13, 2014



ALTEMIS CAPITAL

M A N A G E M E N T

ITEM 1 – COVER PAGE

ALTEMIS CAPITAL MANAGEMENT, LLC

7 World Trade Center – Suite 4642

250 Greenwich Street

New York, New York 10007

Tel: (212) 266-7000

This brochure provides information about the qualifications and business practices of Altemis Capital Management, LLC (“Altemis”). If you have any questions about the contents of this brochure, please contact us at (212) 266-0148 or by email at oliver.schupp@altemiscap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Altemis is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY.

ITEM 2 – MATERIAL CHANGES

Altemis' previous Brochure was dated August 27, 2013. Since the last filing of this Brochure, Altemis became the investment manager to an undertaking for collective investment in transferable securities organized under European Union Directive ("UCITS"), with an effective date of March 1, 2014.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	2
ITEM 2 – MATERIAL CHANGES.....	3
ITEM 3 – TABLE OF CONTENTS	4
ITEM 4 – ADVISORY BUSINESS	5
ITEM 5 – FEES AND COMPENSATION.....	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..	8
ITEM 7 –TYPES OF CLIENTS	9
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
ITEM 9 – DISCIPLINARY INFORMATION.....	14
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS....	15
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.....	20
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	21
ITEM 15 – CUSTODY	22
ITEM 16 – INVESTMENT DISCRETION.....	23
ITEM 17 – VOTING CLIENT SECURITIES.....	24
ITEM 18 – FINANCIAL INFORMATION.....	25

ITEM 4 – ADVISORY BUSINESS

Altemis, founded in April 2013, is a Delaware limited liability company with offices in New York. The principal owners of Altemis are Borislav Arabadjiev and Oliver Schupp. Altemis provides advisory services and sub-advisory services managing and directing the investment and reinvestment of assets for private investment funds (the “Funds”) and an UCITS fund, together with the Funds, the “Advisory Clients”).

Altemis generally invest the Funds’ capital in private investment vehicles (“Underlying Funds”) managed by third-party investment managers (“Portfolio Managers”). Such Portfolio Managers may invest or trade in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed.

The Funds advised (or sub-advised) by Altemis seek to replicate the performance of various hedge fund indices. To achieve this objective, the Funds invest in one or more Underlying Funds or separate accounts which typically are constituents of the hedge fund indices. The Funds may also invest in cash, cash equivalents, derivatives and other assets to pursue their investment objectives. The investment selection of the Underlying Funds is carried following primarily a passive approach.

The investment objectives and strategy of each Advisory Client are set forth in a confidential private offering memorandum provided to each investor (in the case of the Funds), or investment management agreement (in the case of the UCITS fund).

Altemis does not participate in any wrap fee program.

As of March 1, 2014, Altemis managed approximately \$180 million of Advisory Client assets on a discretionary basis, and approximately \$120 million of Advisory Client assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Altemis charges an asset-based fee equal to a percentage, typically between 0.5% and 1% of assets under management per year for its advisory services to its Advisory Clients.

Fees may differ or minimum fees may be imposed based upon a number of factors, including without limitation, overall fee arrangements, account complexity, overall relationship with Altemis, account size, assets under management and the terms of the various Funds. Fees for certain of the Funds may be waived, reduced or calculated differently with respect to certain investors, at the discretion of Altemis and as permitted by the Fund's offering documentation and organizational documents.

Generally, fees accrue daily and are to be paid in arrears to Altemis. Fees cannot be paid in advance. Typically, the Funds' administrator will deduct the fees from the Funds' assets in accordance with the investment management agreements between the Funds and Altemis. In the event of termination, fees are normally charged on a pro rata basis through the date of termination. With respect to the UCITS fund, Altemis' fees are not deducted from the Advisory Client's assets by Altemis, but are deducted by the management company of the UCITS fund.

Each Fund is expected to bear its own operating expenses, including, without limitation, administrative expenses (including an administrative fee to the Funds' administrator), legal expenses, custodian fees, expenses/transaction costs associated with its investment program, internal and external accounting, audit and tax preparation expenses, interest, taxes, costs and other expenses associated with the operation of the Fund, including, without limitation, all extraordinary expenses.

In general, Altemis is responsible for all expenses incurred by it on its own behalf in connection with its sub-advisory services to the UCITS fund. The UCITS fund is responsible for brokerage commissions and similar fees and charges for the acquisition, disposition, lending or borrowing of securities; custodian fees and expenses; and interest payable on borrowings.

It is critical that Advisory Clients and investors in the Funds refer to the relevant confidential private offering memorandum, investment management agreement, and other governing documents ("Governing Documents") for a

complete understanding of how Altemis is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Neither Altemis, nor any of its supervised persons, receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Altemis does not charge performance-based fees for any of its advisory services or sub-advisory services.

ITEM 7 -TYPES OF CLIENTS

Altemis provides investment advisory services to pooled investment vehicles operating as private investment funds, and an UCITS fund.

Conditions for Managing Accounts - Account Size

Altemis imposes minimum account sizes (or fee equivalents) for starting new client accounts depending upon a number of factors but not limited to the type of client, type of mandate, and/or pre-existing relationship with Altemis. Such minimum account sizes may be increased or decreased depending upon the specific circumstances of an individual client. Exceptions are made at the discretion of Altemis.

Eligibility criteria with respect to each client account are determined prior to Altemis entering into agreement to provide advisory services but minimum sophistication levels are required. Investors in a Fund must generally invest a certain minimum amount (subject to waiver as provided in the Fund documents) and make certain representations as to their ability to invest in a Fund.

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

Each Advisory Client's investment strategy is set forth in its Governing Documents.

Altemis constructs investment Funds which are designed to track the performance of various hedge fund indices. Altemis' investment strategy is implemented through allocations to Underlying Funds externally managed by unaffiliated Portfolio Managers.

Each Underlying Fund may pursue a variety of investment styles, including, without limitation: Convertible Arbitrage, Equity Market Neutral, Equity Long/Short, Dedicated Short, Emerging Markets, Event Driven, Fixed Income Arbitrage, Managed Futures, Global Macro and Multi-Strategy.

The investment mandate for each Fund is defined by reference to a specific hedge fund index. For each mandate Altemis typically selects Underlying Funds from the list included in the referenced hedge fund index. As the Funds have different mandates, they tend to differ by investment style, asset class and, in certain cases, geography.

For instance, a Fund aimed to follow an equity based hedge fund index, typically comprised of Underlying Funds that are included in such hedge fund index and invest a substantial portion of the assets they manage in equity markets. On the other hand, a Fund that follows a broad based hedge fund index may typically be invested in a diversified group of Underlying Funds applying various investment styles and investing in a variety of asset classes.

Altemis applies a passive approach to selecting Underlying Funds. The selection is driven by the classification and inclusion of an Underlying Fund in the particular hedge fund index. The inclusion of an Underlying Fund in a hedge fund index is subject to the Underlying Fund satisfying on a continuous basis a set of qualifying characteristics. These characteristics include minimum level of assets under management, length of track record, provision of audited financials, certain level of transparency, frequent reporting on assets under management. These parameters are periodically tested for each Underlying Fund and Underlying Funds that do not satisfy these criteria are rebalanced out of the Indexes.

In addition, Altemis may consider a wide variety of quantitative and qualitative factors for each Underlying Fund. Among the quantitative factors that may be reviewed are the Underlying Fund's experienced rate of return, volatility of returns and correlation to various market indexes. Qualitative factors that may influence the decision to select a given Underlying Fund include liquidity, transparency (including timeliness of transparency) as well as reports in industry publications and the financial press.

For some of its Funds, Altemis applies quantitative portfolio construction methodologies, aimed to minimize the expected tracking error between the referenced hedge fund index and the individual Fund.

The passive investment approach taken by Altemis relies on qualitative and quantitative techniques to track the performance of a referenced hedge fund index. Such an investment process tends to be fairly transparent and exhibits low turnover. However, such an approach may also carry other risks, such as:

Tracking Error: As many of the constituent Underlying Funds in the family of hedge fund indices are not available for investment, Altemis is unable to replicate the composition of the referenced indices. Such mismatch between the Index composition and the Fund introduces a tracking error - a difference between the investment performance of the Fund and the index. While Altemis aims to reduce it, such tracking error can result in gains as well as losses for investors.

Investments in hedge funds: see section below.

Funds' portfolios comprise of investments in hedge funds. Hedge funds follow a wide variety of investment strategies across any asset class, style and geography. Investment decisions made by the Portfolio Managers are independent of each other. Consequently, the Funds could indirectly incur certain transaction costs without accomplishing any net investment result.

All investments risk the loss of capital (i.e., invested amount) that clients (and investors in the Funds) should be prepared to bear. Portfolio Managers may utilize such investment techniques as margin transactions, short sales, option transactions, forward and futures contracts, and other derivatives trading, which practices, in certain circumstances, will increase the risk of losses. No guarantee or representation is made that Altemis or any Portfolio Manager's investment program will be successful, and investment results may vary substantially over time. Investments in the Underlying Funds are

not registered under the Securities Act of 1933, are private and limited in their transferability and liquidity. In addition, the strategy of investing in Underlying Funds involves the risk of delegating control of a majority of the Funds' assets to persons other than Altemis and the increased cost (as the Funds must pay their own expenses plus their pro rata portion of the Underlying Funds' expenses and fees). There is no way of predicting how the Portfolio Managers will make investments or whether they will act in accordance with any disclosure documents or descriptive materials given by them to the Fund. Furthermore, as with any fund of funds, there is always some risk that a Portfolio Manager could abscond with the assets and/or that the assets could be misappropriated. In addition, information supplied by the Portfolio Manager may be inaccurate or even fraudulent.

The investment strategies employed by the Underlying Funds may carry significant risks, such as:

Illiquid Instruments: Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Portfolio Manager's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer.

Leverage: Portfolio Managers may use borrowed capital to augment the value of investment they hold. Such leverage magnifies the potential gains and losses from the investment.

Distressed Securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to

experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Investors and prospective investors are provided with Governing Documents that contains a detailed description of the material risks related to investments in the Advisory Clients, and are advised to carefully review all risk factors set forth in the relevant Governing Documents.

ITEM 9 – DISCIPLINARY INFORMATION

Altemis has no legal or disciplinary events that are material to a client's or prospective client's evaluation of the advisory business or the integrity of Altemis' management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Altemis is registered with the Commodities Futures Trading Commission (“CFTC”) as a Commodity Pool Operator (“CPO”) and a Commodity Trading Advisor (“CTA”). Additionally, Borislav Arabadjiev and Oliver Schupp are both registered with the CFTC as Principals, Associated Persons and Swap Associated Persons.

Altemis is not expected to recommend or select other investment advisers for its Advisory Clients and receive compensation from (either directly or indirectly), or have another business relationship with, those advisers.

Altemis may provide consulting non-advisory services for a negotiated fee to certain entities.

Altemis Capital Management, LLC has no affiliated entities.

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

Code of Ethics

Altemis has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act to prevent violations of federal securities laws. All officers, directors, partners and employees of Altemis and any other person who provides advice on behalf of Altemis and is subject to Altemis' control and supervision (collectively referred to as "Supervised Persons") are required to adhere to the Code of Ethics.

Standards of Business Conduct

Pursuant to Section 206 of the Advisers Act, it is unlawful for Altemis and its employees: to employ any device, scheme, or artifice to defraud a client or prospective client; to engage in any transaction, practice, or course of business which defrauds or deceives a client or prospective client; knowingly to sell any security to or purchase any security from a client when acting as principal for his or her own account, or knowingly to effect a purchase or sale of a security for a client's account when also acting as broker for the person on the other side of the transaction, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction; and to engage in fraudulent, deceptive or manipulative practices.

Prevention of Insider Trading

Altemis' Code of Ethics is designed to prevent insider trading that is more fully described in the Code of Ethics. Altemis' policy on insider trading applies to securities trading and information handling by all Supervised Persons (including spouses, minor children and adult members of their households and any other relative of a Supervised Person on whose behalf the Supervised Person is acting) for their own account or the account of any client of Altemis. Altemis takes its obligation to detect and prevent insider trading with the utmost seriousness. Altemis may impose penalties for breaches of the policies and procedures contained in the Code of Ethics, even in the absence of any indication of insider trading.

Periodic Reports

As more fully described in the Code of Ethics, “access persons” are required to submit reports (or brokerage statements/trade confirmations in lieu thereof) detailing their personal securities holdings to the CCO on an initial basis and an annual basis, and their personal securities transactions on a quarterly basis (or brokerage statements/trade confirmations in lieu thereof) and obtain prior approval from the CCO before investing in limited offerings (i.e., private placements) and initial public offerings. The CCO (or its designee) is responsible for reviewing the employees’ personal securities transactions and holdings reports as part of Altemis’ duty to maintain and enforce its Code of Ethics.

Reporting Violations

All Supervised Persons are required to report actual or known violations or suspected violations of Altemis’ Code of Ethics promptly to the CCO. Any report of a violation or suspected violation of the Code of Ethics will be treated as confidential to the extent permitted by law. As part of Altemis’ obligations to conduct an annual review of all of its policies and procedures pursuant to Rule 206(4)-7 under the Advisers Act, the Chief Compliance Officer shall review on an annual basis the adequacy of the Code of Ethics and the effectiveness of its implementation.

A copy of Altemis’ Code of Ethics is available upon request.

ITEM 12 – BROKERAGE PRACTICES

Altemis provides advisory services and sub-advisory services to its Advisory Clients that typically do not require the use of a broker.

In limited circumstances, however, typically in conjunction with hedging transactions (which may not include the purchase or sale of securities), Altemis may use a broker.

To the extent brokerage transactions are executed, there are no limitations as to which broker is used, provided that Altemis seeks best execution. Altemis would consider a number of factors in selecting a broker in determining best execution for such transactions and determine the reasonableness of the broker's compensation. Such factors include, but are not limited to commissions and other charges, efficiency and quality of execution, reputation, financial strength and stability. Altemis is not obligated to solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Altemis may receive industry or economic research or other products or services other than execution from a broker-dealer which may be used in performing its investment decision making process. Altemis does not use soft-dollar agreements to receive other products or services from brokers. Advisory Clients, therefore, may be deemed to be paying up for other products and services provided by the broker which are included in the transaction charges. Research or other products and services may be used by Altemis for itself and/or in servicing some or all of its Advisory Clients. In addition, some of these products and services may not necessarily be used by the relevant Advisory Client even though its commission dollars (or other transaction charges) provided for the products and services and the relevant Advisory Client therefore, may not, in any particular instance, be the direct or indirect beneficiary of the products or services provided. Altemis may use Advisory Client commissions to acquire soft dollar items that Altemis would otherwise be obligated to provide to, or acquire at its own expense for, the relevant Fund. Nonetheless, Altemis will use soft dollars only if it believes that such soft dollar items may provide the Fund with benefits by supplementing the research and services otherwise available to the Fund. Altemis may have an incentive to select certain brokers based on the soft dollar items provided by such brokers rather than the client's interests in receiving the most favorable execution. The relationships with brokers that provide "soft dollar"

services to Altemis may influence Altemis' judgment in allocating brokerage business and create a conflict of interest in using the services of those brokers to execute the Fund's transactions.

To the extent it uses soft dollars for hedging transactions, Altemis will do so only for products and services that are within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended even in such cases where the hedging transactions do not involve the purchase or sale of a security.

Altemis does not consider, in selecting or recommending broker-dealers, whether Altemis or a related person receives client referrals from a broker-dealer or a third party.

Because the Funds advised by Altemis will invest in Underlying Funds, standard aggregation is not relevant. Altemis may aggregate hedging transactions when such transactions are appropriate for more than one client, however such aggregation may not involve the purchase or sale of securities.

ITEM 13 – REVIEW OF ACCOUNTS

Altemis has policies in place for reviewing the Advisory Clients' accounts for consistency with investment objectives and suitability of the particular Advisory Client, and that, over time, investment opportunities are fairly allocated among eligible accounts.

Altemis' investment professionals review the Advisory Client accounts periodically and on an on-going basis and provide reports regarding an Advisory Client in a manner, and at a frequency, as may have been negotiated with the an Advisory Client or as set forth in the Advisory Client's Governing Documents. Such reports are written. In addition, investors in the Funds generally are provided with periodic written investor reports regarding the Fund and relevant tax reporting information. Special reports may be developed to meet specific client requirements or respond to client inquiries.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Except for the soft dollar items discussed in Item 12, Altemis does not intend to receive any economic benefit from anyone who is not a client for providing investment advice or other advisory services.

Neither Altemis nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals.

ITEM 15 – CUSTODY

Altemis is deemed to have custody by virtue of its status as investment manager of the Funds. Advisory Clients receive monthly and in some cases more frequent account statements from qualified custodians. These account statements are reviewed by Altemis on behalf of its Advisory Clients.

In preparing monthly statements for investors, a Fund's administrator will seek to reconcile differences between its books and records and those of the qualified custodian. Investors receive monthly account statements from the relevant administrator and should carefully review beginning and ending account balances, net asset values, and the record of subscriptions/contributions and redemptions/withdrawals.

Investors receive audited financial statements for their respective Funds within 180 days of the end of such Funds' fiscal year (i.e., by June 30).

Altemis does not maintain custody of the UCITS' cash or securities.

ITEM 16 – INVESTMENT DISCRETION

Altemis generally intends to provide investment advisory services on a discretionary basis to its advisory clients. The respective investment management agreement or other agreement shall determine the scope of discretion that Altemis can exercise and any limitations with respect thereto. In certain cases Altemis may assume the appointment of a non-discretionary advisor for a client. In such cases the discretion over investment decisions will remain with the client which would be noted in the relevant agreement.

ITEM 17 – VOTING CLIENT SECURITIES

It is intended that to the extent that Altemis has discretion or has been delegated to vote the proxies of its Advisory Clients, Altemis complies with its proxy voting policies and procedures that are designed to ensure that in cases where Altemis votes proxies with respect to Advisory Client securities, such proxies are voted in the best interests of such Advisory Client.

The general policy is to vote proxies relating to investments with Portfolio Managers in a manner that serves the best interests of the Advisory Clients as determined by Altemis in its sole discretion.

At times, conflicts may arise between the interests of the Advisory Client, on the one hand, and the interests of Altemis, on the other hand. Conflicts may include that the individual designated to vote proxies will receive any unusual compensation or profit based on how Altemis votes on a proxy

If Altemis determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Altemis will address matters involving such conflicts of interest on a case by case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. Altemis, in its sole discretion, may elect not to vote a proxy if unduly burdensome. Advisory Clients, and investors in the Funds, may request a copy of Altemis' Proxy Policy and information about how Altemis voted a proxy by contacting Altemis at the address, telephone number or email on the cover of this Brochure.

The Advisory Clients do not direct voting in any particular proxy solicitation.

Altemis shall maintain records related to its proxy voting as required by Rule 204-2 of the Advisers Act.

ITEM 18 – FINANCIAL INFORMATION

Altemis does not require or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance.

Altemis is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.