

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

# **INCAPTURE INVESTMENTS LLC**

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This Brochure provides information about the qualifications and business practices of Incapture Investments LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Paul Citardi at 646-513-3306 or by email at [paul.citardi@incaptureinvestments.com](mailto:paul.citardi@incaptureinvestments.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## **ITEM 2 – MATERIAL CHANGES**

This Brochure is the Adviser's initial Form ADV Part 2A submitted with its application for registration with the SEC. Therefore, there are no material changes to report. If the Adviser makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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#### **ITEM 4 – ADVISORY BUSINESS**

The Adviser is a Delaware limited liability company formed on June 20, 2013. The Adviser will provide discretionary investment advisory services to privately placed pooled investment vehicles (each, a “Fund” or “Client”). In connection with the providing of investment advisory services to the Funds, the Adviser anticipates that it will utilize the proprietary software of Incapture Technologies LLC, an affiliate of the Adviser.

The Adviser will provide investment advisory services to the Alpha Capture Fund. The Alpha Capture Fund is a master feeder fund structure consisting of the following funds:

- Alpha Capture Master Fund Ltd., a Cayman Islands exempted company (the “Alpha Capture Master Fund”)
- Alpha Capture Onshore Fund L.P., a Delaware limited partnership which will invest all of its investable assets into the Alpha Capture Master Fund (the “Alpha Capture Onshore Fund”)
- Alpha Capture Offshore Fund Ltd., a Cayman Islands exempted company which will invest all of its investable assets into the Alpha Capture Master Fund (the “Alpha Capture Offshore Fund”)

In providing advisory services to the Alpha Capture Fund, the Adviser will utilize a systemic research driven investment process, which is based on a proprietary research platform that combines economic theory and statistical methods to identify investment opportunities. Insights or signals will typically be developed and evaluated based on factors that include market knowledge, published research and empirical evidence. Models, which are a collection of signals, will be built in an effort to allow the investment insights to be implemented in a consistent and unbiased manner.

The Adviser will be appointed as the investment manager of the Funds with full discretionary authority with regards to investment decisions. A Fund’s investment objectives and strategy will be set forth in its confidential private placement memorandum.

Incapture LP is a principal owner of the Adviser. Peter Knez a principal owner of Incapture LP.

The Adviser will not participate in wrap fee programs.

As of February 3, 2014, the Adviser does not have any assets under management.

## ITEM 5 – FEES AND COMPENSATION

Compensation received by the Adviser will be comprised of a management fee and an incentive allocation/fee. The Confidential Private Placement Memorandum of a Fund will contain a more detailed explanation of the applicable management fee and incentive allocation/fee.

The Alpha Capture Master Fund will pay to the Adviser a management fee (the "Management Fee") equal to 2.00% per annum payable quarterly in arrears, at a rate equal to 0.50% of the then quarter ending net asset value of each capital account of the Alpha Capture Onshore Fund and each share of the Alpha Capture Offshore Fund. The Management Fee to be received by the Adviser will be deducted directly from the assets of the Alpha Capture Master Fund.

Generally, at the end of each fiscal year, an amount equal to 20% of the net realized and unrealized appreciation of the net asset value of each sub-series of Alpha Capture Master Fund shares will be reallocated (the "Incentive Allocation") to the net asset value of a class of shares that will be owned by the Adviser or an affiliate of the Adviser. An Incentive Allocation will be subject to a "high water mark" and a Hurdle Rate. The "Hurdle Rate" will be a non-cumulative, annual return equal to the 3-Month U.S. Treasury bill.

If an investor in the Alpha Capture Onshore Fund or the Alpha Capture Offshore Fund withdraws all or a portion of its investment prior to year-end, an Incentive Allocation with respect to the corresponding Alpha Capture Master Fund shares withdrawn will be calculated and made at such time.

As investors in the Alpha Capture Master Fund, the Alpha Capture Onshore Fund (and indirectly its investors) and the Alpha Capture Offshore Fund (and indirectly its investors) bear their applicable share of the Management Fee and the Incentive Allocation.

The Adviser has the right to reduce, waive, calculate differently or charge different rates relating to the Management Fee or Incentive Allocation attributed indirectly to certain investors in the Alpha Capture Onshore Fund or the Alpha Capture Offshore Fund.

Each of the Alpha Capture Onshore Fund and the Alpha Capture Offshore Fund bears its own expenses, and its *pro rata* share of the Alpha Capture Master Fund's expenses, including, without limitation: investment-related expenses whether relating to investments that are consummated or unconsummated (*e.g.*, brokerage commissions, due diligence costs, investment banking fees, consultants, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, interest expense and investment-related travel and lodging expenses); research-related expenses, including, without limitation, news and quotation equipment and services; legal and compliance expenses; professional fees (including, without limitation, expenses of consultants and experts); costs relating to swaps (and similar agreements) entered into by the Alpha Capture Master Fund; auditing and tax preparation expenses; accounting expenses; market data and software development costs; costs of third-party administrators; costs of printing and mailing reports and

notices; organizational and offering expenses; Directors' and General Partner's (if applicable) liability insurance and related insurance; Management Fees; outside directors' fees; indemnification expenses; professional fees; bank service fees; withholding and transfer taxes; trademarks; entity-level taxes; regulatory and compliance expenses (including consulting, legal and filing fees); other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of Alpha Capture Master Fund assets; and extraordinary expenses and other similar expenses.

Please refer to Item 12 for additional disclosures relating to brokerage and other transaction costs.

Fees payable to the Adviser are not paid in advance.

Neither the Adviser nor its supervised persons accepts compensation for the sale of securities or other products.

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

The Adviser (or an affiliate) will receive performance-based compensation. Performance-based compensation may be charged to Funds in varying amounts. The variation of performance-based compensation among Funds advised by the Adviser may create an incentive for the Adviser to direct more profitable investment ideas to, or allocate trades in a manner that favors the Funds that are paying higher performance-based compensation. In order to mitigate this potential conflict of interest, the Adviser will implement an allocation policy and review trade allocations. The Adviser intends to act in a manner that it believes will be fair and equitable to the Funds that it advises over time. Investment opportunities will be allocated to Funds by taking into account a variety of factors including investment objectives, investment criteria, risk parameters, cash levels, liquidity and operational, legal and tax issues.

## **ITEM 7 – TYPES OF CLIENTS**

The Adviser will provide discretionary investment advisory services to the Funds. Investor suitability requirements for a Fund will be set forth in its Confidential Private Placement Memorandum.

The minimum initial subscription amount for an investment in the Alpha Capture Onshore Fund and the Alpha Capture Offshore Fund is \$5,000,000. An investor in the Alpha Capture Onshore Fund or the Alpha Capture Offshore Fund must maintain an investment level of \$1,000,000. The foregoing amounts may be waived in the sole discretion of the Alpha Capture Onshore Fund's General Partner or the Alpha Capture Offshore Fund's Directors, as applicable.

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

### Methods of Analysis/Investment Strategies

#### Alpha Capture Fund

In connection with providing investment advisory services to the Alpha Capture Fund, the Adviser will utilize a systematic research driven investment process, which is based on a proprietary research platform that combines economic theory and statistical methods to identify investment opportunities. Insights or signals will typically be developed and evaluated based on factors that include market knowledge, published research and empirical evidence. Models, which are a collection of signals, will be built in an effort to allow the investment insights to be implemented in a consistent and unbiased manner.

In applying its approach, the Adviser intends to invest capital in a variety of investment strategies. Risk will be allocated to this collection of strategies using a propriety regime-specific risk budgeting framework. This framework will dynamically adjust risk allocation to signals within a model (i.e., bottom up) as well as across the myriad strategies intended to be run within the Alpha Capture Fund (i.e., top-down).

The Adviser expects to pursue a number of strategies grouped into the following broad categories: global equity markets; global fixed income; global currencies; commodities; volatility; and opportunistic. There may also be relative value trades between the asset classes (e.g., fixed income versus equity).

#### **Material, Significant or Unusual Risks Relating to Investment Strategies**

*An investor in the Fund should be aware that it may lose all or part of its investment in the Fund.* All investments involve the risk of loss of capital. The Adviser believes that the Fund's investment program and research techniques moderate this risk through a careful selection of securities, the use of hedging transactions, including, and other risk mitigation techniques. However, no guarantee or representation is made that the Fund's investment program will be successful. The Fund's investment program may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts, which can, in certain circumstances, magnify the adverse impact to which the Fund's portfolio may be subject.

*Rapture.* Incapture Technologies LLC, an affiliate of the Adviser, has developed a proprietary technology platform, "Rapture," which the Adviser intends to use to support its day-to-day business. Rapture is a cloud-deployed platform for developing, integrating and deploying financial applications covering research, portfolio management, trading, attribution and risk. Rapture supports these applications by providing an enterprise-wide environment for managing data, analytics and application processes.

Rapture will provide the technology foundation upon which the Adviser will coordinate and operate business applications. Furthermore, the Adviser may rely on Rapture to support both third party applications as well as proprietary applications that the Adviser, or an affiliate of the Adviser, develops. Because Rapture is a proprietary platform which makes use of relatively new technologies (e.g., cloud computing), there is a risk of malfunction. If Rapture were to malfunction or fail, the Adviser would likely experience a disruption in the research and investment applications supported by the platform. This would require a portfolio manager to make investment decisions without the benefit of a "model output." Additionally, investment processes covering order management, settlements, and reconciliation may also be impacted which would require the Adviser's operation's staff to implement a manual process.

*Counterparty Insolvency.* The Fund's assets may be held in one or more accounts maintained for the Fund by counterparties, including its prime brokers, futures commission merchants, swap dealers and broker-dealers. There is a risk that any of such counterparties could become insolvent. The insolvency of the Fund's counterparties is likely to impair the operational capabilities or the assets of the Fund. If one or more of the Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the U.S. (either under the Securities Investor Protection Act or the U.S. Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed, be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer or the entire investment lost.

In addition, the Fund may use counterparties located in various jurisdictions outside the U.S. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets 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 counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any Fund counterparty would result in a loss to the Fund, which could be material.

*System Failure.* As the Adviser makes extensive use of computer hardware, systems and software, the Fund is exposed to risks caused by failures of investment technology ("IT") infrastructure and data. In addition, outright failure of the underlying hardware, operating system, software or network, may leave the Fund unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, backup and failover plans will be put in place by the Adviser. Nevertheless, in the worst case, the Adviser may have to liquidate the Fund's entire portfolio as the only safe way to proceed should a crippling system outage occur.

*Risk of Programming Implementation Error or Logical Error.* Given the reliance of the Adviser upon the operation of the proprietary quantitative models and other software trading and analysis systems, it follows that the Fund is therefore at risk of errors of implementation

(colloquially known as "bugs") and errors of design that may have found their way into the software or models, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken and nor can the underlying logical and/or mathematical models be certified as free from error. Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate. As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of the Fund, rather than improve it.

*Turnover.* The Fund is subject to brokerage charges, futures commission merchant fees, over-the-counter dealer spreads, related transaction fees and expenses and management fees in all cases regardless of whether the Fund is profitable. In view of the fact that the Fund's trading program requires the taking of frequent trading positions, as well as the use of leverage, short-term market considerations will frequently be involved, it is anticipated that the turnover rate of the Fund's portfolio may be higher than the turnover rates of other types of investment vehicles, potentially involving substantial transaction costs, brokerage commissions and fees. The Fund must earn profits and interest income sufficient to cover these fees and expenses in order for it to be profitable.

*Risk of Investment Discretion.* The Adviser will attempt to implement the recommendations generated by the quantitative model. However, the Adviser may deviate from or disregard the recommendations if the Adviser determines, in its sole discretion, that market conditions or other factors warrant such action. There is, therefore, a risk that the Adviser might act (albeit unintentionally) in a manner that is detrimental to the Fund's performance, possibly even doing so in a systematic and sustained manner.

*General Liquidity Risks.* Liquidity is important to the Fund's business. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Fund's portfolio positions may be reduced. In addition, the Fund may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Fund's liquidity. During such times, the Fund may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolios or to meet redemption requests or it may need to dispose of more liquid investments to meet its liquidity needs, even if it would be disadvantageous to the Fund to do so at that particular time. In either case, such circumstances may force the Fund to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Fund may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity

could be impaired. In addition, in conjunction with a market downturn, the Fund's counterparties and intermediaries could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

*Highly Volatile Markets.* The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of securities and instruments in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses. In the event of a failure or bankruptcy of an exchange or clearinghouse substantial portions of the Fund's assets may be tied up in a bankruptcy or other proceeding. If a substantial portion of the Fund's assets are tied up in a bankruptcy, the Directors or the General Partner (as applicable) may suspend or limit trading which may cause the Fund to deviate from investment parameters, perhaps missing significant profit opportunities. In addition, if a substantial portion of the Fund's assets are tied up in a bankruptcy, the Directors or the General Partner (as applicable) may suspend or limit withdrawals.

*Risk of Investing in Equity Securities.* The Fund may invest its assets in equity securities, including preferred or common stocks, and there is no limitation on the type, size or operating experience of the issuers in which the Fund may invest. An investment strategy may be based on attempting to predict the future price level of different equity or equity-related securities. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and geopolitical factors, influence the prices of equities. There can be no assurance that the Adviser will be able to predict future price levels correctly. The Fund is not required to diversify its investments in equity securities, and investors should expect fluctuations in the value of equity securities held by the Fund based on market conditions.

*Interest Rate Risk.* The price of fixed interest securities generally move in the opposite direction to the change in interest rates. Therefore any changes in interest rates could have an adverse impact on the Fund's holdings of fixed income securities.

*Inflation Risk.* Inflation risk results from the variation of the purchasing power of cash flows. For example, if the Fund holds a fixed income security that realizes a coupon rate of 5% but inflation is 6% then the purchasing powers of the cash flow from that bond has decreased. Additionally inflation risk will decrease the value of an asset in real terms as well as impacting the income from assets.

*Futures and Derivative Investments.* The rapid fluctuations in the market prices of commodity interests (whether in futures contracts and derivatives, forwards, options or over-the counter markets including futures and options), are highly volatile. Volatility may be caused by a number of factors beyond the control of the Adviser and the Fund. Payments made pursuant to swap agreements may also be highly volatile. Volatility of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing

supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the financial instrument underlying them. In addition, the Fund's assets are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses, intermediaries or counterparties.

Some swaps are not traded on exchanges and are not subject to the same type of government regulation as exchange markets. Swaps and certain options and other customized instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk. There can be no assurance that even a well-capitalized counterparty will not default on its obligations. In the event counterparties are unable to perform their obligations, substantial assets of the Fund may be at risk.

Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as OTC derivatives. Exchange-traded derivatives are generally guaranteed by the clearing agency that is the issuer or counterparty to such derivatives. This guarantee usually is supported by a daily payment system (i.e., variation margin requirements) operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees OTC derivatives.

*Futures Contracts.* The Fund may invest in futures. The value of futures depends upon the price of the securities, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. Volatility of futures contracts may be caused by a number of factors beyond the control of the Adviser and the Fund. Investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties. Additionally, futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. As a result of margining, even a small movement in the price of a contract can cause major losses. In extraordinary circumstances, a futures exchange or the U.S. Commodity Futures Trading Commission could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

*Forward Trading.* Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or futures they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or futures contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusual trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

*Stock Index Futures.* The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, parties may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of stock index futures contracts by the Fund also is subject to the Adviser's ability to correctly predict movements in the direction of the market.

*Call Options.* The Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

*Put Options.* The Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security

above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

*Index or Indices Options.* The Fund may also purchase and sell indices as well as call and put options on indices, whether or not stock indices are listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular instrument, whether the Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the instrument market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular instruments.

*Exchange-Traded Funds.* The Fund may invest in ETFs, which are shares of publicly traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Furthermore, ETFs will be managed by a third party not affiliated with the Adviser or its affiliates. In addition, the Fund may bear, along with other shareholders of an ETF, its *pro rata* portion of the ETF's expenses, including management fees.

*Exchange-Traded Note Risk.* The value of an exchange-traded note ("ETN") may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market, changes in the applicable interest rates, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the referenced market. If a rating agency lowers the issuer's credit rating, the value of the ETN will decline and a lower credit rating reflects a greater risk that the issuer will default on its obligation. When the Fund invests in ETNs, it will bear its proportionate share of any fees and expenses associated with investment in such securities. Such fees reduce the amount of return on investment at maturity or upon redemption.

*Closed-End Fund Risk.* Secondary market trading prices of closed-end funds should be expected to fluctuate and such prices may be higher or lower than the net asset value of a closed-end fund's portfolio holdings. There can be no guarantee that shares of a closed-end fund held by the Fund will not trade at a persistent and ongoing discount. Nor can there be any guarantee

that an active market in shares of closed-end funds held by the Fund will exist. The Fund may not be able to sell closed-end fund shares at a price equal to the net asset value of the closed-end fund.

*Real Estate-Related Securities.* The Fund may invest in securities issued by entities which invest in real estate such as "real estate investment trusts" ("REITs"). Real estate investments generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of third-parties to manage the real properties. In addition, the Fund may indirectly incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

*Commodity Interests.* Commodity interests are highly volatile and are subject to occasional rapid and substantial fluctuations. The profitability of the Fund may depend on the ability of the Adviser to predict these fluctuations accurately. Price movements for commodity interests are influenced by, among other things: (i) changes in interest rates; (ii) governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; (iii) weather and climate conditions; (iv) changing supply and demand relationships; (v) changes in balances of payments and trade; (vi) rates of inflation; (vii) currency devaluations and revaluations; (viii) political and economic events; and (ix) changes in philosophies and emotions of market participants. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets, and this intervention may cause these markets to move rapidly.

*Credit Default Swaps.* The Fund may invest in credit default swaps. A credit default swap is a contract between two parties which transfers certain credit risk if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution which owns corporate debt instruments can purchase a limited form of credit default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The second way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps can be used to implement the Adviser's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Fund may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Adviser, there is a high likelihood of credit deterioration.

The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views. The Adviser may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

*Repurchase Agreements.* The Fund may enter into repurchase agreements as a means of leverage. When the Fund enters into a repurchase agreement, it "sells" securities issued by the U.S. or a non-U.S. government, or agencies thereof, or corporate issuers to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. The use of repurchase agreements by the Fund involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities or possible delays or restrictions upon the Fund's ability to dispose of the underlying securities. Disposing of the security in such case may involve costs to the Fund.

*Reverse Repurchase Agreements.* The use by the Fund of reverse repurchase agreements involves many of the same risks of leverage since the proceeds derived from such reverse repurchase agreements will likely be invested in additional securities. Reverse repurchase agreements involve the risk that the market value of the securities acquired in connection with the reverse repurchase agreement may decline below the price of the securities the Fund has sold but is obligated to repurchase. If the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities, and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. Also, the Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the securities subject to such agreement.

*Micro-, Small- and Medium-Capitalization Companies.* Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

*Emerging Markets.* In addition to the risks associated with investments outside of the United States, investments in emerging markets (*i.e.*, developing countries) may involve additional risks. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

With respect to certain countries, there is the possibility of nationalization, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, gross sale proceeds or other income, limitations on the removal of funds or other assets of the Fund, political changes, government regulation, social instability or diplomatic development (including war), any of which could affect adversely the economies of such countries or the value of the Fund's investments in those countries.

Where Fund assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors.

Regulatory controls and corporate governance of companies in developing countries may confer little protection on investors. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty is also limited when compared to such concepts in developed country markets. In certain instances, management may take significant actions without the consent of investors. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. Furthermore, it may be difficult to obtain and enforce a judgment in certain non-U.S. countries in which assets of the Fund are invested.

*Debt Securities Generally.* The Fund may invest in corporate and government debt securities and other similar instruments. The Fund may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal.

*High-Yield.* Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Fund may invest in bonds of issuers that

do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

*Corporate Debt.* Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Fund may experience substantial losses.

*Sovereign Debt.* Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("Sovereign Debt"), including securities that the Adviser believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

*Convertible Securities.* Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase

and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

*Contingent Liabilities.* From time to time the Fund may incur contingent liabilities in connection with an investment. For example, the Fund may enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third-party, and may, on the other hand, enter into agreements through which third-parties offer default protection to the Fund.

*Hedging Transactions.* The Fund may utilize financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any financial instruments; (iv) enhance or preserve returns, spreads or gains on any financial instrument in the Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Fund's financial instruments; (vii) protect against any increase in the price of any financial instruments the Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Adviser deems appropriate. The Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that may not be hedged.

*Short Selling.* Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales will depend upon the Adviser's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the

cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Lending Portfolio Securities.* The Fund may lend securities from its portfolios to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The Fund might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund.

*Leverage for Investment Purposes.* The use of leverage will allow the Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Fund's portfolio. The effect of the use of leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged.

*Collateral.* The instruments and borrowings utilized by the Fund to leverage investments may be collateralized by all or a portion of the Fund's portfolio. Accordingly, the Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Fund can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Fund may have similar rights. There can be no assurance that the Fund will be able to secure or maintain adequate financing.

*Currency Exchange Exposure.* The Fund may invest in financial instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Fund, however, values its financial instruments in U.S. dollars. Currency exchange rates are subject to sudden fluctuations of varying magnitude, and they are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. The volatility of currency prices may render it difficult or impossible to predict or anticipate fluctuations in the value of currencies. The Fund may hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as currency futures contracts, options on currency futures contracts, forward currency exchange contracts, swaps, swaptions, exchange-

listed and over-the-counter put and call options on securities or on financial indices and various interest rate and foreign exchange transactions.

To the extent unhedged, the value of the Fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Fund's financial instruments in their local markets and may result in a loss to the Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Fund's non-U.S. dollar investments.

There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed by the Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

*Discretion of the Adviser; New Strategies and Techniques.* The Adviser has considerable discretion in the types of securities which the Fund may trade and has the right to modify the trading strategies or hedging techniques of the Fund. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique developed by the Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

The Fund will not necessarily employ all of its investment strategies at the same time, and there may be overlap of markets, instruments, and other attributes between strategies. The Adviser may modify, supplement, discontinue, or substitute strategies and sub-strategies from time to time without notice.

## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

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

### **Broker Dealer Registration**

The Adviser and its management persons are not registered, and do not have any applications pending to register, as a broker dealer or a registered representative of a broker dealer.

### **Commodity Pool Operator**

The Adviser intends to register as a commodity pool operator (“CPO”) with the U.S. Commodity Futures Trading Commission and to become a member of the National Futures Association (“NFA”). In connection with its registration as a CPO, certain employees of the Adviser will be registered with the NFA as Associated Persons and/or Principals of the Adviser.

### **Material Relationships or Arrangements with the Financial Industry**

The Adviser will provide discretionary investment advisory services to the Funds. Affiliates of the Adviser will serve as the general partner to certain of the Funds or otherwise have certain governing control over the Funds.

William Britten, the Chief Operating Officer of the Adviser, is the owner of Akindred Ltd. Akindred Ltd. provides distribution services to the Adviser in Australia.

Incapture Technologies LLC, an affiliate of the Adviser, is in the business of licensing proprietary software to third parties.

Robert E. Diamond, Jr. is considered to be a related person of the Adviser as a result of his capital investment into Incapture LP. As indicated, Incapture LP is a principal owner of the Adviser. Mr. Diamond is a founder of Atlas Merchant Capital (“Atlas”), founded in 2013. Atlas takes a merchant banking approach to global financial services investments with a particular focus on Africa and Investment Management.

### **Selection or Recommendation of Other Investment Advisers**

The Adviser does not recommend or select investment advisers for Clients and receive compensation directly or indirectly from those advisers.

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

The Adviser strives to adhere to the highest industry standards of conduct based on principals of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser will adopt a Code of Ethics. The Code of Ethics will incorporate the following general principles:

- Employees are to comply with the spirit and requirements of the Federal Securities Laws.
- All employees are to act with competence, dignity, and integrity and in an ethical manner when dealing with Clients.
- Employees must exercise independent professional judgment when conducting investment analysis, making investment recommendations or trading on behalf of Client accounts.
- Employees are to adhere to the highest ethical standards with respect to potential conflicts of interests with Clients.
- Employees are to keep sensitive information regarding Clients and their investors confidential.
- As a fiduciary, the Adviser must act in the best interests of Clients.
- Neither the Adviser nor its employees are to benefit at the expense of the Client.

The Adviser's Code of Ethics will place restrictions on employee trading in an effort to ensure that personal trading activity is consistent with the Adviser's fiduciary duty to Clients. These restrictions include requiring employees to pre-clear certain types of personal securities transactions and to disclose their personal securities holdings and transactions to the Adviser on a periodic basis.

In addition, the Investment Adviser will establish policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner that it deems fair and equitable, including monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest.

Any Client or prospective Client may request a copy of the Code of Ethics by contacting the Adviser's Chief Compliance Officer whose contact information is set forth on the cover page of this Brochure.

## ITEM 12 – BROKERAGE PRACTICES

Portfolio transactions for the Funds will be allocated to brokers on the basis of best execution and in consideration of a variety of factors including but not limited to such broker's price/commission, its ability to effect such transactions, its facilities, its reliability, its provision of research and research-related services and financial responsibility. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to Funds by broker-dealers in the foregoing circumstances may be higher than those charged by other broker-dealers that may not offer such products or services.

In view of the fact that Fund investment programs include trading as well as investments, short term market considerations will frequently be involved, and the turnover rate of a Fund's portfolio in certain circumstances may be substantially greater than the turnover rates of other types of investment vehicles.

The Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Adviser will effect such transactions, and will receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to prevailing guidance provided by the SEC regarding Section 28(e). Research services includes proprietary research created or developed by the broker dealer and research created or developed by third parties.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by Funds may be used by the Adviser to service one or more other Funds, including Funds that may not have paid for the soft dollar benefits. The Adviser will not seek to allocate soft dollar benefits to Funds in proportion to the soft dollar credits the Funds generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (*i.e.*, a "mixed use" item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit Funds.

When the Adviser uses brokerage commissions (or markups or markdowns) generated by any Funds to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for such products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving research or other products or services, rather than on the Adviser's interest in receiving most favorable execution.

At least annually, the Adviser will consider the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. The Adviser will not make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

### **Brokerage for Client Referral**

Broker-dealers may invite the Adviser to participate in capital introduction events to refer investors to the Funds. The Adviser recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to the Adviser or refer investors to the Funds. The Adviser will address this potential conflict through its best execution review process, which requires that the Adviser to look at a broker-dealer's performance in a wide variety of categories.

### **Order Aggregation**

Upon determination to buy or sell the same security on behalf of more than one Fund, the Adviser will generally aggregate trades, subject to best execution. It should be noted that there may be circumstances in which it would be more operationally efficient to fill trades on a Fund-by-Fund basis.

In managing Funds and consistent with best execution, the Adviser will generally aggregate trades when more than one Fund is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. However, the Adviser will not aggregate a Fund's orders with another Fund's orders if aggregation is not consistent with the investment guidelines and restrictions of a Fund. When aggregating trades of Funds, each Fund will be treated in a fair and equitable manner.

### **ITEM 13 – REVIEW OF ACCOUNTS**

The Adviser's investment professionals (including portfolio managers and researchers) will continuously review each Fund's investment portfolio. These reviews take into consideration a variety of factors, including the overall investment objective of the portfolio, asset allocation, investment performance, financial market conditions, the ability of new and existing asset classes to meet investment objectives, alpha and risk factors, transaction costs, risk metrics (e.g., VaR) leverage, asset volatility and correlation and cash availability.

The Adviser will provide investors in a Fund with monthly net asset value statements and monthly commentary. Fund investors will also be provided with audited financial statements of the Fund with 120 days after the Fund's fiscal year end.

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

The Adviser does not receive economic benefits from anyone, other than Clients, in connection with providing economic advice or advisory services.

Neither the Adviser nor any related person of the Adviser directly or indirectly compensates any person who is not a supervised person for Client referrals.

## **ITEM 15 – CUSTODY**

Pursuant to Rule 206(4)-2 under the U.S. Investment Advisers Act of 1940 (the “Custody Rule”), the Adviser will be deemed to have custody of the assets of certain Funds. In order to comply with the Custody Rule, investors in the Funds will be provided with audited financial statements within 120 days of a Fund’s fiscal year end.

## **ITEM 16 – INVESTMENT DISCRETION**

The Adviser will serve as the investment manager of the Funds. Incapture will have full discretionary authority with respect to investment decisions for each Fund under the terms of an investment management or similar agreement with each Fund. The Adviser will provide investment advice to Funds in accordance with the investment objectives and guidelines set forth in the applicable offering documents.

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

SEC Rule 206(4)-6 of the Investment Advisers Act of 1940 requires registered investment advisers that exercise voting authority over Client securities to adopt proxy voting policies and procedures. The Adviser will adopt proxy voting policies and procedures. The general policy will be to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a manner that the Adviser determines will serve the Client’s best interests, as determined by the Adviser. Once the Proxy has been voted, it will be recorded and stored by the Adviser.

In limited circumstances, the Adviser may abstain from voting or affirmatively decide not to vote if it determines that not voting is in the best interest of its Funds.

Conflicts of interest may arise between the interests of Clients and the interests of the Adviser or its affiliates. If the Adviser determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Adviser will abstain from voting.

A copy of the Adviser's Proxy Voting Policies and Procedures may be obtained by contacting the Adviser's Chief Compliance Officer whose contact information is set forth on the cover page of this Brochure. Clients may also request a record of how Proxies have been voted on their behalf.

**ITEM 18 – FINANCIAL INFORMATION**

The Adviser will not require nor solicit the prepayment of more than \$1,200 in fees per Client, six months or more in advance. Thus, the Adviser is not required to provide a balance sheet.

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

The Adviser has not been the subject of a bankruptcy petition at any time.