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

**MATRIX CAPITAL MANAGEMENT COMPANY, LP**

January 2015

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*This Brochure provides information about the qualifications and business practices of Matrix Capital Management Company, LP (the “Investment Adviser”). If you have any questions about the contents of this Brochure, please contact us at (781) 522-4962 or [tfrechette@matrixlp.com](mailto:tfrechette@matrixlp.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.*

*The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

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

**ITEM 2**  
**MATERIAL CHANGES**

The Investment Adviser's last annual update to its Brochure was in March 2014. There have been no material changes to the Form ADV Part 2A since then.

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## ITEM 4 ADVISORY BUSINESS

### A. General Description of Advisory Firm.

Matrix Capital Management Company, LP, a Delaware limited partnership, commenced operations in 1999 with an office in Waltham, Massachusetts. David E. Goel and Paul J. Ferri are the principal owners of the Investment Adviser. David E. Goel, the managing member of the Investment Adviser, controls the Investment Adviser. Matrix General Partner, LP, Matrix Institutional Advisers, LP and Matrix Restricted Investment Fund General Partner, LP are affiliates of the Investment Adviser and provide advisory services to certain of the Investment Adviser's clients.

### B. Description of Advisory Services.

#### 1. **Advisory Services.**

The Investment Adviser serves as the manager or management company, as the case may be, with discretionary trading authority to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “Fund” and collectively, the “Funds”). Interest in the Funds are offered to certain Accredited Investors and Qualified Purchasers. Additionally, the Investment Advisor manages Matrix Capital Management Restricted Investment Fund, L.P. (the “Restricted Fund” which is offered only to the Funds).

As used herein, the term “client” generally refers to each Fund.

*This Brochure generally includes information about the Investment Adviser and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.*

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a Memorandum.*

#### 2. **Investment Strategies and Types of Investments.**

The Funds (other than the Restricted Fund) seek capital appreciation principally through investments in publicly traded equity securities. The Restricted Fund seeks to achieve capital appreciation principally through both public and private investments. See Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss”.

C. Availability of Customized Services for Individual Clients.

The advice that the Investment Adviser provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth with respect to each Fund, in its respective Offering Memorandum or Private Placement Memorandum (each, a “Memorandum”).

D. Assets Under Management.

The Investment Adviser has Net Assets Under Management of approximately \$1.509 billion as of December 31, 2014 on a discretionary basis.

## ITEM 5 FEES AND COMPENSATION

### A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's Memorandum. A brief summary of such fees is provided below.

#### 1. **Management Fee**

Generally, the Funds (other than the Restricted Fund) pay the Investment Adviser a fee for investment management services (the "Management Fee") for each fiscal quarter equal to 0.375% (1.5% per annum) of the beginning net asset value of each investor's (i) capital account in a Domestic Fund or (ii) shares of an Offshore Fund for such calendar quarter. The Management Fee is calculated and paid in advance. The Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a calendar quarter. In the event of a withdrawal by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the applicable Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and such Domestic Fund will distribute such amount to the withdrawing investor. The Management Fee may be waived, reduced or calculated differently with respect to certain investors.

The Restricted Fund investors do not incur a management fee.

#### 2. **Performance-Based Compensation**

The General Partners may receive annual performance-based compensation equal to a percentage of the realized and unrealized net profits of the Funds as detailed in such Funds' Memorandum or investment management agreement. Performance-based compensation is generally equal to 20% of realized and unrealized net profits of each respective Fund for each fiscal year; provided, that each Fund maintains a bookkeeping account to determine the high water mark (a "Loss Recovery Account") that must be exceeded before the performance-based compensation with respect to an investor in a Fund (other than the Restricted Fund) is charged at a rate of 20%. The Loss Recovery Account of each investor in a Fund commences at zero. As of each adjustment date, the Loss Recovery Accounts of each Fund (other than the Restricted Fund) is either (i) increased by an amount equal to two and one-half times (250%) of any net loss allocated for such fiscal period or (ii) decreased (but not below zero) by the amount of any net profit allocated for such fiscal period. An investor will bear performance-based compensation equal to 10% of its realized and unrealized net profits until the balance of its Loss Recovery Account is reduced to zero.

The Restricted Fund General Partner may receive similar annual performance-based compensation; provided, however, that a Loss Recovery Account in the Restricted Fund is increased by the amount of any related net loss only (as opposed to 250% of such amount) and an investor in the Restricted Fund will not bear performance-based compensation until the balance of its Loss Recovery Account is reduced to zero. In addition, as further detailed in its Limited Partnership Agreement, the Restricted Fund General Partner will defer receipt of performance-based compensation from the Funds

invested therein for any period in which such Fund does not charge its investors a performance-based compensation.

In the event that Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the applicable performance-based compensation, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. Performance-based compensation may be waived, reduced or calculated differently with respect to certain investors.

**B. Payment of Fees.**

Management Fees and performance-based compensation are generally deducted from the assets of the applicable clients. As discussed above, Management Fees are generally deducted on a quarterly basis and performance-based compensation is generally deducted on an annual basis.

**C. Additional Fees and Expenses.**

As more fully described in each Fund's respective Memorandum, the Funds and the Restricted Fund will generally bear expenses in connection with their trading and investment activities, which may include, without limitation, brokerage costs (which vary depending on a number of factors, including the broker utilized for the transaction and any research-related services provided by such broker, the particular security or other instrument traded, and the volume and size of the transaction), execution, give-up, exchange, clearing, clearinghouse, principal, and regulatory commissions and fees, delivery, custody, storage, warehousing, and escrow expenses, research fees and expenses (including research fees and expenses paid to advisors or consultants established by former employees of the Investment Adviser), fees paid to third-party consultants (including third-party risk management consultants), finder's fees paid for the introduction of transactions, insurance costs (including directors' and officers' insurance, errors and omissions insurance and other similar policies), directors' fees, entity-level taxes, shipping surcharges, customs levies, offloading charges, handling fees, grading fees, assay charges, interest and borrowing charges on margin accounts, borrowed money, investments, and other indebtedness, bank, broker, and dealer service fees, and related expenses and costs.

The Funds and Restricted Fund may also bear additional expenses associated with organizing, administering and continually offering the Funds and Restricted Fund. Such expenses include legal, accounting, escrow, auditing, recordkeeping, administration, fund accounting, computer, and clerical expenses, insurance, expenses incurred in preparing reports and tax information to investors and regulatory authorities, expenses of printing and dispatching offering materials and reports to investors, duplicating expenses, mailing costs, courier costs and filing fees.

**D. Additional Compensation and Conflicts of Interest.**

Neither the Investment Adviser nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.



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

The Investment Adviser and its affiliates accept performance-based fees from every client. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

**ITEM 7**  
**TYPES OF CLIENTS**

The Investment Adviser generally provides investment advice to the Funds, as described above. Each of the Funds' Memorandum contains information regarding the minimum investment applicable to the Fund.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies.

*The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.*

#### 1. **The Funds**

These Funds primary goal is to generate an attractive risk-adjusted return by, investing the Partnership's assets in a concentrated portfolio of long and short positions, following the classic hedge fund model through investments primarily in publicly traded equity securities, and in the case of the Restricted Fund, through both private and public investments. The Investment Adviser employs a moderate degree of leverage

Rather than spread the Investment Advisers attentions across the entire investable universe, the investment team focuses on its areas of core competencies to define compelling investment themes and opportunities that will guide its stock picking. Under this aspect of the Fund's strategy, its investment professionals bring to bear their deep sector expertise, familiarity with business models, and ability to identify and delineate broad trends that will define markets over the medium and long term. .

The research process is designed to harness the research team's talent and develop powerful investment theses, ultimately converting each idea into an entry point where the Partnership can initiate a position. The research process is attuned to discovering differences between a company's current market value and its intrinsic value, so the fund may delineate a variant perspective and initiate a position during that moment of uncertainty. The research team delves into a company's fundamentals and performs a "bottom-up" analysis to assess its intrinsic value, at the same time identifying any discrepancies between what the market thinks about a company's future trajectory and the Management Company's better-informed view of that trajectory. The Partnership owns undervalued companies that face have significant opportunities to grow or reinvent their earnings, and sells short overvalued companies facing unappreciated and systemic obstacles, until they reach target prices that reflect their intrinsic values.

The Investment Adviser reaches a certain level of conviction in each thesis and marks it with the appropriate level of capital allocation based on the Management Company's expected return. The sizing of each position is determined by the Management Company's conviction in the research team's investment thesis, as well

as his judgment about how closely the idea aligns with the trends the Partnership has delineated as investment themes. The timeframe is typically long-term. The combination of long and short positions is intended to make the Partnership less susceptible to general market movements and to emphasize the Management Company's stock selection.

These Funds invest primarily in equity securities, which are expected principally to be in the form of common stocks but may include preferred stocks, convertible securities, warrants, stock purchase rights, depositary receipts, shares of investment companies and other equity-related interests. However, as market conditions or investment opportunities warrant, these Funds may also invest on an opportunistic basis in debt securities, without restriction as to any minimum rating criteria. These Funds may purchase and write (sell) options on stocks, bonds, currencies or market indices, thereby allowing such Funds to leverage their returns from specific securities and engage in a wide range of transactions designed to enhance the Fund's returns, such as securities lending and repurchase agreements. These Funds may employ active portfolio management strategies both as a hedge against volatility and to seek to produce additional income and capital appreciation.

## **2. The Funds Generally**

The Funds' investment programs are speculative and entail substantial risks. There can be no assurance that the Funds' investment objective will be achieved, and its investment results may vary substantially on a monthly, quarterly or annual basis

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

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. For a complete listing of risks associated with investment please review the Fund's Private Placement Memorandum*

**Small- and Mid-Capitalization Issuers.** Investing in the securities of companies with small- or mid-capitalization can involve greater risk and the possibility of greater portfolio price volatility than is typically associated with equity investments in larger, more established issuers.

**Leverage.** The Investment Adviser may cause the Funds to engage in leveraging. Leveraging the Funds creates an opportunity for increased net income or capital appreciation but, at the same time, creates special risk considerations. Because any decline in value of the Funds' investments will be borne entirely by the Fund Investors (and not by those persons providing the leverage to the Funds), the effect of leverage in a declining market would be a greater decrease in the value of the Funds' portfolio investments than if the Funds were not so leveraged.

**Concentration of Holdings.** Although it is the policy of the Investment Adviser to diversify the Funds' assets among different investments, if the Investment Adviser believes that one or a few investments or a group or groups of related investments that

is usually held in the portfolio have significant profit potential, the Investment Adviser may cause the Funds to concentrate their assets in those areas to the exclusion of all else. To the extent the Investment Adviser causes the Funds to make such concentrated investments, the exposure to credit and market risks associated with such financial instruments, markets or industries will be increased.

Hedging Strategies. The Investment Adviser is not required to attempt to hedge portfolio positions in the Funds and, for various reasons, may determine not to do so. Furthermore, the Investment Adviser may not anticipate a particular risk so as to hedge against it. The Investment Adviser may cause the Funds to 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 Funds' investment portfolios resulting from fluctuations in the securities market, (ii) protect the unrealized gains in the value of the Funds' investment portfolios, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios, (v) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets, (vi) protect against any increase in the price of any securities the Investment Adviser anticipates causing the Funds to purchase at a later date or (vii) for any other reason that the Investment Adviser deems appropriate.

Long and Short Fundamental Investments. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived mis-pricings underlying the Funds' positions were to fail to converge toward, or were to diverge further from relationships expected by the Investment Adviser, the Funds may incur a loss.

Counterparty Risk. The Funds expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Funds' trading activities, could create losses, preclude the Funds' from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Funds establish additional relationships could have a significant impact on the Funds' business due to the Fund's reliance on such counterparties.

Some of the markets in which the Investment Adviser may cause the Funds to effect transactions are not "exchanged-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject.

Counterparty Insolvency. The Funds' assets may be held in one or more accounts maintained for the Funds by counterparties, including its prime brokers. There is a risk that any of such counterparties could become insolvent and/or subject to

insolvency proceedings. The insolvency of the Funds' counterparties is likely to impair the operational capabilities or the assets of the Funds. Although the Investment Adviser will regularly monitor the financial condition of the counterparties they cause the Funds to use, if one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Funds' instruments and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the instruments or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign 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 Funds' 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 Funds and their assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Funds, which could be material.

#### C. Risks Associated with Particular Types of Securities

Equity Securities. The Investment Adviser may cause the Funds to invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move.

Non-U.S. Investments. The Investment Adviser may cause the Funds to invest a portion of their assets in securities of non-U.S. companies, which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries may involve certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is in the U.S.

Derivatives; Swaps. The Investment Adviser may cause the Funds to purchase and sell derivatives. “Derivatives” are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other securities (equity or fixed income), commodities, currencies, interest rates, indices, or other assets, the relative values of two or more items or assets, economic or other activities, or other items. Some derivatives are standardized instruments, such as futures contracts or options traded on recognized exchanges. Other derivatives are directly negotiated contractual arrangements with one or more counterparties. Terms, conditions and characteristics of derivatives vary widely, and new structures and products are developed continually. Swap transactions are privately negotiated, non-standardized derivative agreements between the Funds and a counterparty to exchange or swap investment cash flows or assets at specified intervals in the future measured by different commodities or other items, indices, or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap trading is similar to the spot and forward markets in that banks, broker-dealers or their affiliates generally act as principals in the swap markets, and the Funds are subject to risks similar to those described in the discussion of the spot and forward markets, below.

Options. The Funds 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 buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The Funds 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.

Stock Index Options. The Investment Adviser may cause the Funds to purchase and sell call and put options on stock indices listed on securities exchanges or traded in the OTC market. A stock index fluctuates with changes in the market values of the stocks included in the index.

Investment in Illiquid Securities. The Investment Adviser may cause the Funds to invest in securities for which there is not a significant trading market or there is no market at all. Accordingly, such investments may be illiquid and involve a high degree of business and financial risk which can result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take

the Funds longer to be able to liquidate these positions (if they can be liquidated) than would be the case for more liquid securities.



**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 Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

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

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

The Investment Adviser and its affiliated general partner and management company entities provide discretionary investment management services to the Funds. Included in the Investment Advisors Form ADV registration are three relying advisers: Matrix General Partner, LP, Matrix Institutional Advisers, LP and Matrix Restricted Investment Fund General Partner, LP, who are advisers to certain Funds but have delegated all their duties to the Investment Adviser. The Investment Adviser and its relying advisers are together filing a single Form ADV in reliance on the position expressed in American Bar Association, Business Law Section, SEC No-Action Letter (January 18, 2012). Each relying adviser is identified on a separate Section 1.B., Schedule D, of Form ADV.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other investment advisers for its clients.

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

**A. Code of Ethics.**

The Investment Adviser is committed to fostering a culture of compliance. The Investment Adviser has an internal compliance program and maintains a written code of ethics (the “Code of Ethics”) containing policies and procedures regarding:

- the adviser’s fiduciary duty to its clients;
- compliance with all applicable Federal Securities Laws;
- reporting and review of personal securities transactions and holdings;
- reporting of violations of the code; and
- the provision of the code to all supervised persons

The Investment Adviser actively encourages its employees to contact its chief compliance officer (its “CCO”). Employees receive Code of Ethics training and are required, both initially upon the commencement of their employment and on annual basis thereafter, to acknowledge and certify that they have reviewed, understand and will comply with the policies and procedures as set forth in the Code of Ethics.

Clients may request a copy of the Code by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

**B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.**

**1. Cross Trades**

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

The Investment Adviser generally executes market Cross Trades with the assistance of an unaffiliated broker-dealer or custodian who executes and books the transaction. Alternatively, a Cross Trade between two clients may occur as an “internal cross”, where the Investment Adviser instructs the prime broker for the clients to book the transaction at the closing price on the last business day of the previous quarter.

## 2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act. To do so, the Investment Adviser has adopted the following procedures:

- the CCO shall monitor the proprietary ownership interest of each of the Funds;
- if any Fund becomes greater than 25% owned by the Investment Adviser's employees or immediate family members, the CCO will notify the Investment Adviser;
- for all Funds, the Investment Adviser's external accountant of the Funds involved will review the proposed transactions to ensure that neither Fund is being advantaged or disadvantaged in the rebalancing process;
- upon authorization from the external accountants the CCO will direct the cross trades;
- the external accountant authorize in writing that the trades are appropriate; and
- no cross trades may be made involving a proprietary account of the firm without the certification.

### C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees. Employees are only permitted to trade in mutual funds, exchange traded funds, fixed income instruments, and limited offerings. No individual securities may be purchased by the employees in their personal accounts. The Code also requires that employees disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Subject to the Code, the Investment Adviser's employees may engage in personal securities trading..

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as

described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Adviser manages investments on behalf of a number of clients. The Funds (other than the Restricted Fund) have the same investment program and the Funds' and the Restricted Fund's investment programs are similar and may overlap. Therefore, all of the Funds may participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

Generally, all clients of the Investment Adviser are traded in parallel and all trades are allocated on a *pro rata* basis based on the percentage total of the assets under management of each client. The Investment Adviser will never allocate trades based on an account's performance or fee structure.

## ITEM 12 BROKERAGE PRACTICES

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Adviser and/or certain clients, but not beneficial to all clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Adviser may consider, among other things, the following:

- including price;
- the ability of the brokers and dealers to effect the transactions;
- the ability of the brokers and dealers to provide the Investment Adviser with access to public company contacts through conferences, meetings and similar events;
- the brokers' and dealers' facilities; and
- reliability and financial responsibility and in consideration of such brokers' and dealers' provision or payment (or the rebate to the Funds for payment) of the cost of brokerage and research services that are of benefit to the clients.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Funds separately compensate any broker or dealer for any of these other services.

If the Investment Adviser decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another:

- the ease of use;

- the flexibility of the ECN compared to other ECNs; and
- the level of care and attention that will be given to smaller orders.

The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

**1. Research and Other Soft Dollar Benefits.**

The Investment Adviser does not use soft dollar benefits.

**2. Brokerage for Client Referrals.**

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or third party.

**3. Directed Brokerage.**

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer.

**B. Order Aggregation.**

If the Investment Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each the assets under management of each client's participating in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. However, *de minimis* deviations from the allocation percentages may be permitted in the interest of placing round lots in client accounts. The Investment Adviser will seek to allocate trades in a manner that is fair to all clients, and will never allocate trades based on an account's performance or fee structure.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

The Investment Adviser performs reviews of client accounts on a daily basis and conducts a formal review of client accounts at least monthly

On an annual basis, each investor in a Fund will receive audited fiscal year end financial statements of the applicable Fund. Each investor in a Fund will also receive unaudited performance reports of such Fund on a monthly basis.



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

A. Economic Benefits for Providing Services to Clients.

The Investment Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

## **ITEM 15**

### **CUSTODY**

The Investment Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

**ITEM 16**  
**INVESTMENT DISCRETION**

The Investment Adviser serves as the management company with discretionary trading authority to each Fund.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its Memorandum.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with respect to each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

If the Investment Adviser detects a material conflict of interest in connection with a proxy solicitation, it will, at its own expense, engage an outside proxy voting service or consultant to make a recommendation. The Investment Adviser’s employees have been instructed to retain documentation of the proxy voting service or consultant’s recommendation and the Investment Adviser will vote clients’ proxies in accordance with that recommendation.

The Investment Adviser will not neglect its proxy voting responsibilities, but it may abstain from voting if it deems that abstinence is in its clients’ best interests. For example, it may be unable to vote securities that have been lent by the custodian. Its employees have been instructed to prepare and maintain memoranda describing the rationale for any instance in the Investment Adviser does not vote a client’s proxy.

The funds may obtain a copy of the Investment Advisor’s proxy voting policy and voting records upon request.

**ITEM 18**  
**FINANCIAL INFORMATION**

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.