

# **MAGNITUDE CAPITAL, LLC**

## **PART 2A OF FORM ADV (THE “BROCHURE”)**

601 Lexington Avenue  
59<sup>th</sup> Floor  
New York, NY 10022  
+1 212. 915.3900  
[www.magnitudecapital.com](http://www.magnitudecapital.com)

*This Brochure provides information about the qualifications and business practices of Magnitude Capital, LLC (SEC File No. 801-65284) (“Magnitude”). If you have any questions about the contents of this Brochure, please contact us at +1 212.915.3900 or [magnitudecapital@magnitudecapital.com](mailto:magnitudecapital@magnitudecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.*

*Magnitude has been registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), since January 2006. Registration with the SEC as an investment adviser does not imply that Magnitude or any principals or employees of Magnitude possess a particular level of skill or training in the investment advisory or any other business.*

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

*Updated March 2015*

## **I. MATERIAL CHANGES TO THE BROCHURE**

Prior to this version of the Brochure, Magnitude's most recent version of its Form ADV, Part 2A was finalized in March 2014 (the "2014 Brochure"). The following changes have been incorporated into the Brochure:

- (i) In early 2015, Magnitude launched two new funds under a new investment strategy, the "MPS Funds" (as defined below). This Brochure contains information about the investment strategy and operations of the MPS Funds.
- (ii) This Brochure contains enhanced disclosure of certain risk factors, including valuation and leverage.

## TABLE OF CONTENTS

I.	Material Changes to the Brochure.....	2
II.	Advisory Business.....	4
A.	Funds of Hedge Funds – Investor Funds .....	4
B.	Funds of Hedge Funds – Master Funds .....	5
C.	Select Opportunities .....	6
D.	Magnitude Portfolio Solutions.....	6
III.	Fees and Compensation.....	7
A.	Investor Funds .....	7
B.	SOF Funds .....	8
C.	MPS Funds .....	8
D.	Other Expenses .....	8
IV.	Performance-Based Compensation and Side-by-Side Management.....	9
V.	Types of Clients .....	9
VI.	Methods of Analysis, Investment Strategies, and Risk of Loss .....	10
A.	Methods of Analysis and Investment Strategies.....	10
B.	Certain Material Risks .....	10
VII.	Disciplinary Information .....	13
VIII.	Other Financial Industry Activities and Affiliations .....	13
IX.	Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	14
X.	Brokerage Practices.....	15
A.	FOFs and SOF Funds .....	15
B.	Managed Accounts .....	15
C.	MPS Funds .....	16
XI.	Review of Accounts .....	16
A.	Portfolio Management .....	16
B.	Reporting to Investors .....	17
XII.	Client Referrals and Other Compensation .....	17
XIII.	Custody .....	17
XIV.	Investment Discretion .....	18
XV.	Voting Client Securities .....	18
XVI.	Financial Information.....	18

## II. ADVISORY BUSINESS

Magnitude is an investment adviser that commenced operations in October 2002. Magnitude is a limited liability company organized under the laws of the State of Delaware. Magnitude was founded and is principally owned by James M. Hall and Benjamin S. Appen. Since inception, the goal of Magnitude has been to deliver attractive risk-adjusted investment returns to investors through the management of multi-strategy funds of hedge funds and other investment vehicles.

The private funds managed by Magnitude (each, a “Magnitude Fund” and together “the Magnitude Funds”) aim to achieve their goal primarily through the identification, selection, and monitoring of opportunities to invest in pooled investment vehicles, managed accounts, co-investment vehicles, derivative instruments, exchange-traded funds, and other similar arrangements (each, a “Portfolio Fund”). Portfolio Funds will generally be managed, advised, sponsored, and serviced by entities (each such entity, a “Portfolio Manager”) independent of Magnitude.

As of December 31, 2014, Magnitude had approximately \$3.5 billion in net assets under management, all of which is managed on a discretionary basis.

Magnitude’s management of each Magnitude Fund is subject to that Magnitude Fund’s organizational and governing documents, offering documents, investment management agreement, and subscription agreement, each as may be amended, supplemented or modified from time to time (collectively, the “Governing Documents”). The terms of any investor’s investment in any Magnitude Fund are contained in and governed by the Governing Documents. All discussions in this Brochure regarding the Magnitude Funds, including each fund’s investments, the strategies Magnitude pursues in managing the funds, the fees and expenses borne by investors in the funds, and all other terms of each fund, are qualified in their entirety by reference to the Governing Documents.

### ***A. Funds of Hedge Funds – Investor Funds***

Magnitude’s multi-strategy funds of hedge funds (“FOFs”) seek to deliver attractive risk-adjusted returns with limited exposure to passive risk factors through investments in hedge funds and related vehicles. The FOFs are open-end funds that offer investors redemptions or withdrawals on a regular schedule.

Below is a brief description of each of the FOFs offered to investors (the “Investor Funds”). Please refer to each Investor Fund’s Governing Documents for a more detailed description of its business and its investment terms. Shares and interests in the Investor Funds are referred to in this Brochure as “Interests.”

### **Magnitude International**

Magnitude International (“MI”) is a sub-trust of the Magnitude Master Series Trust, a unit trust organized under the laws of the Cayman Islands (the “Trust”). MI is part of a master-feeder structure through which it invests in Portfolio Funds through its indirect ownership of Magnitude Master Fund (“MMF”) shares. Non-U.S. investors and U.S. tax-exempt investors may invest in MI.

#### Magnitude Leveraged International

Magnitude Leveraged International (“MLI”) is a sub-trust of the Trust and indirectly invests in Portfolio Funds via a derivative instrument providing leveraged exposure to MMF. Non-U.S. investors and U.S. tax-exempt investors may invest in MLI.

#### Magnitude Institutional, Ltd.

Magnitude Institutional, Ltd. (“MIL”) is organized as a Cayman Islands exempted company and invests in Portfolio Funds both directly and indirectly via an investment in MMF. Non-U.S. investors and U.S. tax-exempt investors, including employee benefit plans, may invest in MIL.

#### Magnitude Partners International, Ltd.

Magnitude Partners International, Ltd. (“MPI”) is organized as a Cayman Islands exempted company and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of MMF shares. Non-U.S. investors and U.S. tax-exempt investors may invest in MPI.

#### Magnitude U.S. Partners

Magnitude U.S. Partners (“MUP”) is a sub-trust of the Trust and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of Magnitude Partners Master Fund, L.P. (“MPMF”) interests. U.S. taxable investors may invest in MUP.

#### Magnitude Private Partners, L.P.

Magnitude Private Partners, L.P. (“MPP”) is a Delaware limited partnership and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of MPMF interests. U.S. taxable investors may invest in MPP.

### ***B. Funds of Hedge Funds – Master Funds***

The “Master Funds” are FOFs managed by Magnitude that execute Magnitude’s multi-strategy fund of hedge funds investment program by making Portfolio Fund investments. The Master Funds are not offered to external investors. Below is a brief description of each of the Master Funds.

#### Magnitude Master Fund

MMF is a sub-trust of the Trust and invests directly in Portfolio Funds and in MSIPF (as defined below). MI, MLI, MIL, and MPI (the “Non-Taxable Investor Funds”) invest in MMF. Because investors in the Non-Taxable Investor Funds generally are not subject to U.S. federal income taxes, MMF generally invests only in non-U.S. Portfolio Funds.

#### Magnitude Partners Master Fund, L.P.

MPMF is a Delaware limited partnership that invests directly in Portfolio Funds and in MSIPF (as defined below). MUP and MPP (the “U.S.-Taxable Investor Funds”) invest in MPMF. Because investors

in the U.S.-Taxable Investor Funds generally are subject to U.S. federal income taxes, MPMF generally invests only in U.S. Portfolio Funds.

#### Magnitude Special Investments Portfolio Fund, Ltd.

Magnitude Special Investments Portfolio Fund, Ltd. (“MSIPF”) is an entity through which MMF and MPMF indirectly invest in Portfolio Funds structured as managed accounts held by MSIPF (or subsidiaries thereof). MSIPF investments are securities and derivative contracts selected by Portfolio Managers chosen by Magnitude to manage a specified portfolio on behalf of MSIPF. MSIPF is organized as a Cayman Islands exempted company.

#### ***C. Select Opportunities***

Investment funds managed by Magnitude according to the select opportunities investment program (“SOF Funds”) seek to deliver attractive returns to investors with an investment horizon of generally two to five years. SOF Funds are generally expected to be closed-end vehicles that distribute all or a portion of proceeds to investors following the completion of an investment period and may not offer liquidity on a regular schedule. Below is a brief description of the funds in the select opportunities program.

#### Magnitude Select Opportunities Fund, SPC

Magnitude Select Opportunities Fund, SPC (“SOF SPC”) is a Cayman Islands segregated portfolio company. Each segregated portfolio of SOF SPC (each, a “Segregated Portfolio”) may be offered subject to its own investment mandate and terms. Any Segregated Portfolio may hold a single investment or multiple investments. Any Segregated Portfolio may serve as a commingled investment vehicle with a capital commitment and drawdown structure or a subscription and redemption structure. Under Cayman Islands law, the assets and liabilities of each Segregated Portfolio are segregated from every other Segregated Portfolio.

Currently, Magnitude manages one Segregated Portfolio for SOF SPC, which is described below.

#### *Magnitude Select Opportunities Fund, SP – Series 2*

Magnitude Select Opportunities Fund, SP – Series 2 (“Series 2”) is a Segregated Portfolio of SOF SPC. Series 2 was formed as a closed-end, co-investment vehicle to invest alongside certain Magnitude FOFs in “side pocket” interests of a Portfolio Fund which were purchased through an auction. Series 2 is no longer open to investment.

#### ***D. Magnitude Portfolio Solutions***

Funds in the Magnitude portfolio solutions investment program (“MPS Funds”) seek to provide investors with high-quality, diversified, cost-effective portfolios. MPS Funds may provide exposure to active and passive investment strategies. MPS Funds are open-end investment vehicles that offer investors redemptions or withdrawals on a regular schedule.

### Magnitude Total Portfolio Fund, L.P.

Magnitude Total Portfolio Fund, L.P. (“MTPF”) is a Delaware limited partnership. MTPF invests in Portfolio Funds directly and indirectly through its ownership of MPMF interests and interests of Magnitude Total Portfolio Master Fund, L.P. U.S. taxable investors may invest in MTPF.

### Magnitude Total Portfolio Master Fund, L.P.

Magnitude Total Portfolio Master Fund, L.P. (“MTPM”) is a Cayman Islands limited partnership that invests directly in Portfolio Funds. MTPF invests in MTPM.

## **III. FEES AND COMPENSATION**

All investors and potential investors should review the Governing Documents of the Magnitude Fund in which they invest or are considering investing in conjunction with this Brochure for complete information on the fees and compensation payable with respect to the applicable Magnitude Fund.

Management fees and performance compensation paid by the Magnitude Funds to Magnitude are not typically negotiated. However, fees and compensation may be effectively waived or reduced, at the discretion of Magnitude. Partners, employees, their family members, and former employees either invest in a share class that does not pay management fees or performance compensation or have fees rebated in whole on their investments. Magnitude compensates certain banks, brokerage firms, and other similar organizations for investor service functions that they provide out of its management fees.

### ***A. Investor Funds<sup>1</sup>***

Magnitude receives the following management fees and performance compensation (“Standard Compensation”) from the Magnitude Funds as compensation for its services:

<b>Magnitude Fund</b>	<b>Management Fee</b>	<b>Performance Compensation</b>
Magnitude International	1.00%	10.0%
Magnitude Leveraged International	1.00% <sup>2</sup>	10.0%
Magnitude U.S. Partners	1.00%	10.0%
Magnitude Institutional, Ltd.	1.00%	10.0%
Magnitude Private Partners, L.P.	1.00% - 1.50%	10.0%

---

<sup>1</sup> “Performance compensation,” as used throughout this document, generally represents percentage of profits during the applicable period. For Interests that have a 12-month redemption notice and certain Interests subject to modified fees (as set forth below), performance compensation is calculated relative to a hurdle rate of return set forth in the applicable Magnitude Fund’s Governing Documents.

<sup>2</sup> Represents percentage of the assets in the portfolio held on behalf of Magnitude Leveraged International. For all other funds this represents percentage of the assets under management of the class of Interests of the particular Magnitude Fund.

Magnitude Partners International, Ltd.	1.00% - 1.50%	10.0%
--	---------------	-------

Investors whose aggregate related Interests in the Investor Funds exceed a value of \$75 million qualify for Magnitude's modified fee program. These investors may elect to allocate incremental capital invested above \$75 million among any combination of the three management fee and performance compensation options listed below:

<b>Fees on Incremental Capital</b>	<b>Management Fee</b>	<b>Performance Compensation</b>
Standard Compensation	1.00%	10.0%
Series X Modified Compensation Option	1.00% - 1.30%	0.0%
Series Y Modified Compensation Option	0.0%	20.0%

Management fees are generally charged at an annual rate on net assets under management (prior to the accrual or payment of performance compensation) and are payable monthly in arrears and prorated for partial periods.

Performance compensation is generally charged as a percentage of the increase in value per Interest above the previous highest value per Interest, in some cases relative to a hurdle rate, as set forth in the applicable Magnitude Fund's Governing Documents. Performance compensation is calculated after the management fee has been charged. Performance compensation is charged by Magnitude, or by an affiliate in the case of MUP and MPP, quarterly in arrears and upon redemption or withdrawal. The Master Funds, MMF, MPMF, and MSIPF are not offered to investors and are not charged management fees or performance compensation.

#### ***B. SOF Funds***

Magnitude is entitled to performance compensation from Series 2, in the form of a "carried interest" equal to 10% of profits upon realization of Series 2's investments, after return of capital to investors. Series 2 does not pay any management fee to Magnitude.

#### ***C. MPS Funds***

As of the date of this brochure, the only investors in MTPF are employees or other persons associated with Magnitude (or their family members). Such investors currently do not pay any fees in connection with their investments in MTPF. With respect to non-affiliated investors, Magnitude generally expects to charge an asset-based management fee in connection with its management of MTPF and any other MPS Funds formed in the future. However, Magnitude reserves the right to charge performance compensation in connection with such funds, as described in their respective Governing Documents.

#### ***D. Other Expenses***

The Magnitude Funds are subject to a variety of other operating and administrative expenses that are indirectly borne by investors. Operating and administrative expenses include, among other things, fund administration, custody, legal counsel, audit, expenses associated with borrowings and leverage,



transaction costs, accounting expenses, directors and officers liability insurance, and other expenses. Additionally, the Magnitude Funds (and indirectly, their investors) bear their share of management fees, performance compensation, and other expenses charged to Portfolio Funds in which they invest. Expenses borne by the Magnitude Funds are described in detail in their Governing Documents.

#### **IV. PERFORMANCE-BASED COMPENSATION AND SIDE-BY-SIDE MANAGEMENT**

As disclosed above, Magnitude typically charges performance compensation based on a share of capital gains or capital appreciation of Magnitude Fund assets. Performance compensation may create an incentive for Magnitude and its affiliates to make investments that are riskier or more speculative than might be the case in the absence of such compensation. In addition, performance compensation received by Magnitude from certain clients is based on both realized and unrealized gains and losses. As a result, the performance compensation earned could be based on unrealized gains that such clients never realize.

Magnitude may source investment opportunities that have limited capacity. In such situations, Magnitude may need to allocate available capacity in such investment opportunities among more than one Magnitude Fund. Magnitude's policy is to allocate investment opportunities in a manner that is fair to all Magnitude Funds and not to allocate opportunities based on the participating Magnitude Funds' management fee or performance compensation structures.

The MPS Funds are currently not expected to pay performance compensation. Other than MPS Funds' investments in Master Funds, investments that are suitable for the FOFs or the SOF Funds are typically not suitable for the MPS Funds due to differing investment strategies and liquidity terms.

#### **V. TYPES OF CLIENTS**

Magnitude is the investment manager of the Magnitude Funds. Investment advice is provided directly to the Magnitude Funds and not individually to the investors in the Magnitude Funds. Magnitude does not currently provide investment advice to other clients but may do so in the future.

Magnitude's investor base primarily consists of high net worth investors, private banks, and institutional investors (including pension plans, corporate accounts, endowments, and foundations). Magnitude requires that each U.S. investor in an Investor Fund be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and that each non-U.S. investor be a "non-U.S. person" as defined in Regulation S under the Securities Act. Further details concerning the applicable suitability criteria for investment in the Magnitude Funds are set forth in their Governing Documents.

The Investor Funds, SOF Funds, and MPTF have minimum investment amounts generally ranging from \$250,000 to \$5,000,000, as set forth in the applicable fund's Governing Documents. Minimum investment amounts may be waived in Magnitude's discretion.

The Master Funds and MTPM are not currently being offered directly to investors.

## **VI. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

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

Magnitude uses a variety of information sources to identify prospective investments including, but not limited to, industry contacts, prime brokers, databases, and academic research. These sources are intended to help significantly narrow down the potential universe of investment strategies and Portfolio Funds. The goal of the filtering process is to identify a group of high quality investment opportunities for further review by Magnitude. Magnitude allocates capital to Portfolio Funds based on a number of factors including, but not necessarily limited to: experience, market knowledge, strategy style, and historical performance of the Portfolio Manager or Portfolio Fund; appropriate diversification among all Portfolio Funds in each Magnitude Fund's portfolio; and the overall market environment.

Magnitude generally conducts substantial investment and operational due diligence prior to selecting a new Portfolio Manager. The goal of the due diligence process is to evaluate, among other things:

- (i) The background of the Portfolio Manager and its investment professionals;
- (ii) The infrastructure of the Portfolio Manager (including research, trading, operations, compliance, technology, and any other relevant infrastructure);
- (iii) The Portfolio Fund's strategy and method of trade execution;
- (iv) The Portfolio Manager's risk controls and portfolio management processes; and
- (v) The differentiating factors that give the Portfolio Manager an investment edge.

Magnitude monitors the correlations of performance among Portfolio Funds and attempts to assess how these correlations may change in various market scenarios, including during normal and shock periods. Upon the completion of the investment and operational due diligence processes, Magnitude may allocate available Magnitude Fund capital to a new Portfolio Fund. Magnitude may periodically make recommendations for larger or smaller allocations to, or full redemptions from, certain Portfolio Funds. Investments may be held for less than one year but are often held for more than one year. The Magnitude Funds may borrow or enter into derivative arrangements with counterparties to provide leverage, to take advantage of particular investment opportunities, or to otherwise manage cash inflows and outflows in a more efficient manner.

### ***B. Certain Material Risks***

An investment in a Magnitude Fund involves a high degree of risk, including the risk of loss of the entire investment. There can be no assurance that a Magnitude Fund's investment objective will be achieved or that the investment strategies employed by Magnitude will be successful. Certain of the material risks associated with the investment strategies used by Magnitude in managing the Magnitude Funds' portfolios are set forth below. A more detailed discussion of the risks associated with the Magnitude Funds' investment strategies as well as the risks associated with investing in each Magnitude Fund is included in the Governing Documents of each Magnitude Fund.

#### **Investment Strategies**

The risks of the strategies employed by Portfolio Managers are substantial and cannot be fully described in this Brochure. Such risks include the possibility that Magnitude and Portfolio Managers may fail to

estimate the correct value of financial instruments, the timing for correction of any such mistaken valuation, the volatility and pricing path of such instruments over time, and the risk that subsequent events may alter the value of such instruments. In building portfolios, Magnitude or the Portfolio Managers may fail to estimate correctly the prospective relationship among elements of the respective portfolios, leading to greater risk than intended. Strategies that work at one time may cease to work at another time or forever. Any of these risks could result in significant losses to investors in the Magnitude Funds.

#### Portfolio Manager Compensation

Most Magnitude Funds use a fund of hedge funds investment strategy, pursuant to which their assets are generally invested in Portfolio Funds. Management fees are charged to the Magnitude Funds by both Magnitude and Portfolio Managers. An investor in a Magnitude Fund may also be charged performance compensation directly by Magnitude based on investment gains of the applicable Magnitude Fund above a high water mark (and, if applicable, a hurdle rate) and indirectly by a Portfolio Manager based on the investment gains of the Portfolio Fund managed by such Portfolio Manager, subject to the terms of the investment in the Portfolio Fund. A Magnitude Fund, and indirectly its investors, could therefore indirectly be charged performance compensation by a Portfolio Manager even if the Magnitude Fund's overall performance is negative.

Magnitude may also allocate Magnitude Fund capital to Portfolio Funds that themselves invest in other investment vehicles, thereby subjecting the Magnitude Funds and their investors to an additional level of fees.

#### Speculative and Illiquid Nature of Investment

Investments in the Magnitude Funds should be considered speculative and involve substantial risk due to, among other things, the relatively illiquid nature of the Magnitude Funds' investments and the illiquidity of interests in the Magnitude Funds themselves. A person who invests in a Magnitude Fund should not expect near-term liquidity with respect to such investment, should be able to bear the financial risk of such investment for an indefinite period of time, and should be able to sustain the possible loss of the entire amount invested.

#### Limited Liquidity

Portfolio Fund investments are generally subject to restrictions on sales and restrictive redemption terms (e.g., lock-ups, redemption fees, suspension of redemptions, or "side pocketing" of positions) that may not match the redemption terms associated with Interests of the Magnitude Funds. This could limit the ability of investors to timely redeem their Interests in the Magnitude Funds. In addition, the Magnitude Funds invest a portion of their assets in illiquid or long-term Portfolio Fund investments, such as "side pocket" positions, interests in liquidating special purpose vehicles, closed-end investment vehicles, and other interests in private, restricted, or otherwise illiquid securities that lack contractual redemption rights or other near-term sources of liquidity. There can be no assurance that the Magnitude Funds will be able to dispose of such illiquid positions at attractive prices, or otherwise.

SOF Funds may not offer regular redemption or withdrawal rights to investors. Investments held by SOF Funds may be held indefinitely, until Magnitude has an opportunity to dispose of such investments at a favorable value.

#### Dependence on Magnitude and Portfolio Managers

Investors in a Magnitude Fund have no authority to make decisions or to exercise investment discretion on behalf of the Magnitude Fund. This authority is delegated to Magnitude or other third parties. Magnitude generally invests assets of the Magnitude Funds with Portfolio Managers. The success of the Magnitude Funds depends upon the ability of Magnitude and the Portfolio Managers to develop and implement investment strategies that achieve the Magnitude Funds' investment objectives. Investments in Portfolio Funds carry additional risks including, but not limited to, potential lack of diversification, lack of transparency, reliance on Portfolio Managers for performance information, investment "style drift," and dependence on key personnel of the Portfolio Managers.

#### Shock Risk

From time to time, normal financial market processes may be disrupted by extreme events. At these times the volatilities of, and correlations among, financial instruments, strategies, and Portfolio Funds may increase substantially, and the Magnitude Funds and their investors may incur significant losses.

#### Concentration of Holdings

While Magnitude may seek to diversify the assets of the Master Funds through investments with various Portfolio Funds, there are no restrictions on the amount of assets that may be indirectly invested through various Portfolio Funds in a particular market sector or type of security. At any given time, it is therefore possible that Magnitude may select Portfolio Funds that will cause one or more Master Fund portfolios to be concentrated in a particular market or industry, or in a limited number or type of securities. This limited diversity could expose the Master Funds to losses disproportionate to market movements in general.

As disclosed in its Governing Documents, the portfolios of SOF Funds are expected to be more concentrated than the portfolios of the Master Funds. SOF Funds may invest all of their assets in one investment or a small number of highly illiquid investments.

#### Valuation

Interests in Portfolio Funds will generally be valued in accordance with the valuations provided by such Portfolio Funds or their administrators. These valuations will typically be based on unaudited financial records and may therefore be subject to adjustment. The Magnitude Funds charge fees to investors based on these valuations. If an investor redeems from a Magnitude Fund, subsequent adjustments to valuations of one or more Portfolio Funds may occur. There is a risk that such redeeming investor may receive an amount upon redemption that is less than the amount such investor would have received on the basis of the adjusted valuation.

In certain circumstances, Magnitude may determine that an adjustment to the valuation of a Portfolio Fund is appropriate and may use the services of a third-party valuation specialist in determining the fair value of such Portfolio Fund. There can be no assurances that any adjustment to the valuation of any Portfolio Fund will be accurate due to a variety of factors, including limited information available to the third-party valuation specialist. Valuations may rely in whole or in part on subjective judgments.

#### Use of Leverage and Borrowings

MLI, the MPS Funds, and MSIPF incur portfolio-level leverage by directly or indirectly borrowing funds from counterparties on a regular basis. In addition, MMF, MPMF, and MIL have credit facilities that are generally for short-term cash management purposes (*i.e.*, in anticipation of additional investor subscriptions, to fund redemptions, to take advantage of particular investment opportunities), the use of which lead these funds to operate with leverage from time to time. In addition, the Magnitude Funds invest in Portfolio Funds that incur varying levels of leverage. While leverage presents opportunities for increasing return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent that the investment is levered. The use of leverage in adverse markets could result in losses that would be greater than if leverage were not employed.

Generally, borrowing money requires the posting of collateral with the counterparty that provides the leverage in amounts that may be changed by the counterparty. If a counterparty increases the amount of collateral required to support the outstanding borrowings, the party incurring leverage might be forced to dispose of assets at times and prices that could be disadvantageous and result in substantial losses.

### **VII. DISCIPLINARY INFORMATION**

Neither Magnitude nor its principals have been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of Magnitude in deciding whether or not to make an investment in a Magnitude Fund.

### **VIII. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Magnitude believes that relationships with other financial industry firms and their representatives may pose potential conflicts of interest that Magnitude seeks to identify and address.

Some investors in the Magnitude Funds are persons associated with Portfolio Managers with which Magnitude Funds invest. In addition, Magnitude personnel may have personal relationships with personnel of such Portfolio Managers. Magnitude seeks to mitigate any potential conflicts of interest arising from these relationships by disclosing specific conflicts to its portfolio management team and by reasonably determining that investment decisions are made in the best interests of the Magnitude Funds without consideration of the noted relationships.

## **IX. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

Magnitude maintains and enforces a written code of ethics (the “Code”) that is applicable to all individuals who are considered “supervised persons” according to applicable regulations. The Code is designed to communicate Magnitude’s culture with respect to compliance and to address how potential conflicts of interest should be handled. The Code is also intended to guide Magnitude’s supervised persons in their efforts to comply with legal and regulatory requirements. Magnitude’s supervised persons are expected to hold themselves to high ethical standards and have a duty to act in the best interests of the Magnitude Funds.

Magnitude’s Code requires Magnitude and its supervised persons to:

- (i) Comply with the spirit and the letter of the U.S. federal securities laws and the rules governing the capital markets;
- (ii) Act with competence, dignity, integrity, and in an ethical manner when dealing with the Magnitude Funds, their investors, the public, prospects, third-party service providers, fellow supervised persons, and other persons with whom Magnitude does business;
- (iii) Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, making investments on behalf of clients, promoting Magnitude’s services, and engaging in other professional activities;
- (iv) Adhere to the highest standards with respect to potential conflicts of interest with the Magnitude Funds;
- (v) Act in the best interests of the Magnitude Funds subject to appropriate disclosure standards; and
- (vi) Report violations of the Code to appropriate supervisory personnel.

Magnitude’s supervised persons are also required to follow certain rules regarding trading in their personal securities accounts. These rules include:

- (i) A requirement to obtain pre-clearance of certain transactions in securities or commodity futures (including those involving private placements, public equities, and certain other financial instruments);
- (ii) An expectation to hold securities positions for a minimum of 30 days; and
- (iii) A requirement to provide initial, quarterly, and annual personal securities reports of holdings and transactions to Magnitude’s Chief Compliance Officer (“CCO”), Raymond A. Waterhouse, Jr.

Magnitude reviews personal trading to monitor for potentially improper transactions.

Conflicts of interest may exist among various individuals and entities, including Magnitude, employees and/or supervised persons, the Magnitude Funds, and current or prospective investors. Magnitude’s policies and procedures have been reasonably designed to identify and properly disclose, mitigate, or eliminate applicable conflicts of interest as appropriate. However, written policies and procedures cannot address every potential conflict, so supervised persons must use good judgment in identifying and responding appropriately to actual or potential conflicts. Conflicts of interest that involve Magnitude (or its supervised persons) and the Magnitude Funds or investors will generally be resolved in a way that

favors the interests of the Magnitude Funds or investors over the interests of Magnitude or its supervised persons, unless subject to appropriate considerations and disclosure.

Magnitude has additional policies and procedures designed to address other potential regulatory and conflict of interest issues supervised persons might face. These topics include:

- (i) Insider trading laws;
- (ii) Political contributions;
- (iii) Gifts and entertainment; and
- (iv) Outside business activities.

## **X. BROKERAGE PRACTICES**

### ***A. FOFs and SOF Funds***

Many of the Magnitude Funds invest a substantial portion of their assets directly or indirectly in privately-offered Portfolio Funds through direct transactions with such funds (or their Portfolio Managers) without using a broker. However, Magnitude may engage in direct investment transactions using brokers on behalf of the Magnitude Funds. For example, the Magnitude Funds have used brokers to purchase interests in Portfolio Funds in the secondary market. Magnitude also processes conversion and hedging foreign exchange transactions with counterparties on behalf of investors in non-U.S. dollar denominated share classes of MI and MPI.

In the instances where Magnitude uses a broker to effect a transaction in a privately-offered Portfolio Fund, Magnitude considers financial stability and reputation of the broker and the broker's execution capabilities and may consider services that would enhance Magnitude's investment research and portfolio management capability. If the amount of commission or fee charged by a broker is reasonable in relation to the value of the brokerage functions and services provided by such broker, Magnitude may effect brokerage transactions with such broker notwithstanding the fact that such broker may charge higher commissions or fees than another broker. It is Magnitude's policy, consistent with investment considerations, to seek the most favorable execution for brokerage orders, taking into account the price and levels of the services provided.

Due to the limited trading activity of Magnitude and the fact that Magnitude invests a substantial portion of the Magnitude Funds' assets in primary transactions with Portfolio Funds, Magnitude does not frequently have the opportunity to aggregate orders for securities on behalf of the Magnitude Funds. Magnitude aggregates orders when it has the opportunity to do so and aggregation would provide materially better terms for the Magnitude Funds.

### ***B. Managed Accounts***

MSIPF has prime brokerage and futures account relationships with Morgan Stanley & Co. LLC ("Morgan Stanley") and BNP Paribas Prime Brokerage, Inc. ("BNP"). Magnitude has determined that the compensation paid by MSIPF to Morgan Stanley and BNP for prime brokerage and futures account services is reasonable in light of the services provided.

Portfolio Managers who trade in accounts held by MSIPF are typically permitted to select executing brokers or other counterparties. Magnitude believes that these Portfolio Managers are fiduciaries with obligations to obtain best execution in the accounts that they manage. Magnitude may attempt to obtain

contractual covenants from Portfolio Managers to seek to obtain best execution or perform independent reviews of execution quality obtained by Portfolio Managers if it believes such steps are necessary.

### ***C. MPS Funds***

The MPS Funds may invest a substantial portion of their assets in publicly-traded Portfolio Funds, such as exchange-traded funds. MTPM has a prime brokerage relationship with BNP.

Magnitude typically selects executing brokers for the MPS Funds. Magnitude considers a number of factors when selecting executing brokers for transactions by the MPS Funds, including brokerage commissions, ability to execute in a timely manner, and execution quality.

## **XI. REVIEW OF ACCOUNTS**

### ***A. Portfolio Management***

Magnitude Fund portfolios are reviewed on at least a monthly basis. The portfolio reviews take into account many factors, including the capacity of specific Portfolio Managers and the Portfolio Funds they manage to accept additional Magnitude Fund capital; future flows of investor capital into and out of each Magnitude Fund; the liquidity of each Magnitude Fund's portfolio; the quality of the opportunity set for each Portfolio Fund relative to other investment opportunities; the ability of each Portfolio Manager to add value going forward; and the current disposition of the portfolio relative to a hypothetically optimal allocation. In addition, the portfolio management team uses an optimization tool and other tools to help evaluate the portfolio.

Magnitude's primary investment committee (the "Investment Committee") is responsible for managing the portfolios of the FOFs and the SOF Funds. The Investment Committee consists of four partners, Benjamin S. Appen, James M. Hall, Henry Hawes Bostic, and Eric D. Stiles, and one managing director, Rick Lodewick. Final investment decisions for the FOFs and the SOF Funds are determined by a majority vote of the Investment Committee.

A separate investment committee is responsible for managing the portfolios of the MPS Funds (the "MPS Investment Committee"). The MPS Investment Committee consists of two partners, Benjamin S. Appen and James M. Hall, and one managing director, Josh L. Distler. Final investment decisions for the MPS Funds are determined by a majority vote of the MPS Investment Committee.

Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any existing investment in any Magnitude Fund portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee and MPS Investment Committee (as applicable) decisions in the event of substantive unaddressed operational due diligence concerns.



## ***B. Reporting to Investors***

The administrator of the Investor Funds and MTPF sends each investor a monthly statement showing the net asset value or capital balance of such investor's Interests. The administrator also sends confirmation of subscriptions for new Interests and redemptions of existing Interests.

In addition, Magnitude generally expects to provide investors in Investor Funds with the following reporting:

- (i) Monthly performance estimates;
- (ii) Monthly investor reports with performance statistics, historical monthly performance, and strategy profit attribution;
- (iii) Quarterly investor reports with portfolio reviews, statistical analysis, and manager commentary;
- (iv) Annual audited financial statements;
- (v) Tax reporting information for U.S. taxable investors; and
- (vi) Periodic investor letters.

## **XII. CLIENT REFERRALS AND OTHER COMPENSATION**

Other than the management fees and performance compensation disclosed herein, Magnitude does not receive any material compensation or economic benefits in connection with the provision of investment services to the Magnitude Funds.

Magnitude has formal arrangements with placement agents that Magnitude compensates for marketing and investor service functions, including investor referrals, out of its own fees. Magnitude discloses such arrangements to investors who invest in applicable Investor Funds.

## **XIII. CUSTODY**

Magnitude is deemed to have custody of Magnitude Fund assets by virtue of the general power of attorney provided to Magnitude in the investment management agreements it enters into with the Magnitude Funds and, in certain cases, by virtue of an affiliate serving as general partner or managing member to certain Magnitude Funds. Magnitude complies with the SEC's rules regarding custody of the assets owned by the Magnitude Funds by:

- (i) Verifying that Magnitude Fund assets are maintained by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act (unless an exemption is available);
- (ii) Providing information about its custodial arrangements in its Form ADV;
- (iii) Arranging for annual audits of the financial statements of the Magnitude Funds and preparation of such statements in accordance with U.S. generally accepted accounting principles; and
- (iv) Arranging for the distribution of the audited financial statements to investors in the Magnitude Funds within applicable time frames.

In limited circumstances, Magnitude may be deemed to have custody of certain privately-offered uncertificated securities that are owned by Magnitude Funds and are not held by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act.

#### **XIV. INVESTMENT DISCRETION**

Subject to the investment objectives, policies, and restrictions of each Magnitude Fund as set forth in its Governing Documents, Magnitude has full investment discretion over the assets of the Magnitude Funds.

#### **XV. VOTING CLIENT SECURITIES**

Magnitude evaluates and takes action on Portfolio Fund proxy ballots and corporate action notices it receives that are associated with Magnitude Fund investments in Portfolio Funds in accordance with the best interests of the Magnitude Fund, its fiduciary duties to other clients, relevant rules under the Advisers Act, and its written proxy voting policies and procedures.

Magnitude has the authority and responsibility to evaluate potential changes to the investment terms and structure associated with the Magnitude Funds' underlying investments in Portfolio Funds. The relevant investment personnel considers the best interests of each affected Magnitude Fund when approving or rejecting proposed changes in the investment terms of Portfolio Funds. Magnitude may abstain from voting if it deems that abstinence is in the best interests of the Magnitude Funds.

A copy of Magnitude's written proxy voting policies and procedures is available upon request, as is information about how Magnitude has voted.

Each Portfolio Manager that trades in an account held by MSIPF is delegated the responsibility of making proxy votes for securities held in the account that such Portfolio Manager is trading. Magnitude believes that these Portfolio Managers are fiduciaries with obligations to vote proxies in the best interests of the accounts they manage. In its discretion, Magnitude may also attempt to obtain contractual covenants from the Portfolio Manager that the Portfolio Manager will vote proxies in the best interests of the MSIPF account that it manages.

#### **XVI. FINANCIAL INFORMATION**

Magnitude has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# **MAGNITUDE CAPITAL, LLC**

## **PART 2B OF FORM ADV (THE “BROCHURE SUPPLEMENT”)**

601 Lexington Avenue  
59<sup>th</sup> Floor  
New York, NY 10022  
+1 212. 915.3900  
[www.magnitudecapital.com](http://www.magnitudecapital.com)

*This Brochure Supplement provides information about Benjamin S. Appen, James M. Hall, Henry Hawes Bostic, Eric D. Stiles, Richard O. Lodewick, and Josh L. Distler. It supplements the accompanying Form ADV Part 2A Brochure of Magnitude Capital, LLC (SEC File No.: 801-65284) (“Magnitude”). If you have any questions about the contents of this Brochure Supplement, please contact us at +1 212.915.3900 or [magnitudecapital@magnitudecapital.com](mailto:magnitudecapital@magnitudecapital.com). The information in this Brochure Supplement has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.*

*Registration with the SEC as an investment adviser does not imply that Magnitude or any principals or employees of Magnitude possess a particular level of skill or training in the investment advisory or any other business.*

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

*Updated March 2015*

## TABLE OF CONTENTS

I.	Biographical Information about Benjamin S. Appen.....	3
II.	Biographical Information about James M. Hall.....	5
III.	Biographical Information about Henry Hawes Bostic .....	6
IV.	Biographical Information about Eric D. Stiles.....	7
V.	Biographical Information about Richard O. Lodewick .....	8
VI.	Biographical Information about Josh L. Distler.....	9

## **I. BIOGRAPHICAL INFORMATION ABOUT BENJAMIN S. APPEN**

### ***A. Educational Background and Business Experience***

Mr. Appen was born in 1970. He received a Bachelor of Arts degree in Political Science, *magna cum laude*, from Columbia University in 1992. Mr. Appen was awarded the CFA<sup>1</sup> designation in 1999.

Mr. Appen is a founding partner of Magnitude. Previously, he was the founder and CEO of Alkindi, a statistical software company, from 2000 to 2001. From 1992 to 2000, Mr. Appen worked at D. E. Shaw Group. He served as Senior Vice President and managed the firm's fund of funds business, overseeing the evaluation of all investment strategies, manager selection, and quantitative research.

### ***B. Disciplinary Information***

Mr. Appen has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

### ***C. Other Business Activities***

Mr. Appen is the chairman of the board of directors of Neighborhood Trust Financial Partners, a non-profit organization focused on financial literacy and economic empowerment in communities that are underserved by traditional financial institutions. Mr. Appen is also a trustee of the Citizens Budget Commission. These activities are not expected to significantly impair his ability to serve as an officer of Magnitude; related activities rarely encroach materially on professional time. Mr. Appen is not engaged in any other investment-related business, and he does not receive compensation in connection with any business activity outside of Magnitude.

### ***D. Additional Compensation***

Mr. Appen does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

### ***E. Supervision***

As one of two founding partners of Magnitude, Mr. Appen maintains ultimate responsibility for Magnitude's operations along with James M. Hall. Mr. Appen is a member of the Investment Committee and the MPS Investment Committee. All investment decisions in which Mr. Appen is involved must be approved by a majority vote by the Investment Committee or MPS Investment Committee, as applicable.

---

<sup>1</sup> The Charter Financial Analyst (CFA) designation is an international professional certification issued by the CFA Institute to qualified candidates who complete a series of three examinations. To become a candidate for a CFA charter, candidates must meet one of the following requirements: 1) Undergraduate degree and four years of professional experience involving investment decision-making, or; 2) Four years qualified work experience (full time, but not necessarily investment related). Candidates may become a CFA Charterholder if they successfully pass three course exams, Levels I, II, and III. The CFA Institute has stated that the average candidate may need approximately 250 hours of study for each of the three levels. The CFA curriculum includes these topic areas: Ethical and Professional Standards; Quantitative Methods (such as the time value of money, and statistical inference); Economics; Financial Reporting and Analysis; Corporate Finance; Analysis of Investments (stocks, bonds, derivatives, venture capital, real estate, etc.); Portfolio Management and Analysis (asset allocation, portfolio risk, performance measurement, etc.). CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct. More information on the CFA charter is available at [www.cfainstitute.org](http://www.cfainstitute.org).

Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee and MPS Investment Committee decisions to address substantive operational due diligence concerns. Compliance matters are discussed with Magnitude's Chief Compliance Officer ("CCO"), Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.

## **II. BIOGRAPHICAL INFORMATION ABOUT JAMES M. HALL**

### ***A. Educational Background and Business Experience***

Mr. Hall was born in 1965. He received a Bachelor of Science degree in Chemical Engineering, *magna cum laude*, from the University of Illinois in 1987.

Mr. Hall is a founding partner of Magnitude. Previously, he was a Managing Director and Global Head of UBS's Alternative Asset Management business from 1995 to 2001. Prior to 1995, Mr. Hall was a floor trader and built and oversaw various foreign exchange businesses in the Swiss Bank/UBS organization.

### ***B. Disciplinary Information***

Mr. Hall has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

### ***C. Other Business Activities***

Mr. Hall is not engaged in any other investment-related business, and he does not receive compensation in connection with any business activity outside of Magnitude.

### ***D. Additional Compensation***

Mr. Hall does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

### ***E. Supervision***

As one of two founding partners of Magnitude, Mr. Hall maintains ultimate responsibility for Magnitude's operations along with Benjamin S. Appen. Mr. Hall is a member of the Investment Committee and the MPS Investment Committee. All investment decisions in which Mr. Hall is involved must be approved by a majority vote of the Investment Committee or MPS Investment Committee, as applicable. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee and MPS Investment Committee decisions to address substantive operational due diligence concerns. Compliance matters are discussed with Magnitude's CCO, Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.

### **III. BIOGRAPHICAL INFORMATION ABOUT HENRY HAWES BOSTIC**

#### ***A. Educational Background and Business Experience***

Mr. Bostic was born in 1973. He received a Bachelor of Arts degree in English Literature from the University of Virginia in 1995. Mr. Bostic was awarded the CFA designation in 2008.

Mr. Bostic joined Magnitude in 2005 and serves as a Partner and is Director of Manager Research. Prior to joining Magnitude, Mr. Bostic was a trader with KBC Financial Products and D. E. Shaw Group.

#### ***B. Disciplinary Information***

Mr. Bostic has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

#### ***C. Other Business Activities***

Mr. Bostic co-owns Post-Southern Productions, a small film production company. This activity is not expected to significantly impair his ability to serve as an officer of Magnitude; related activities rarely encroach materially on professional time. Mr. Bostic is not engaged in any other investment-related business, and does not receive compensation in connection with any business activity outside of Magnitude.

#### ***D. Additional Compensation***

Mr. Bostic does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

#### ***E. Supervision***

Mr. Bostic is a member of the Investment Committee. He reports to Mr. Hall. All investment decisions in which Mr. Bostic is involved must be approved by a majority vote of the Investment Committee. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee decisions to address substantive operational due diligence concerns. Compliance oversight of Mr. Bostic is provided by the CCO, Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.



#### **IV. BIOGRAPHICAL INFORMATION ABOUT ERIC D. STILES**

##### ***A. Educational Background and Business Experience***

Mr. Stiles was born in 1967. He received a Doctor of Philosophy degree in Finance from New York University in 1996 and a Bachelor of Arts degree in Mathematics and Economics, *magna cum laude*, from Colgate University where he was elected to Phi Beta Kappa in 1990.

Mr. Stiles joined Magnitude in 2008 and serves as a Partner and is Director of Risk Management. Prior to joining Magnitude, Mr. Stiles was a Portfolio Manager with HBK Investments where he founded and managed the firm's quantitative volatility trading business.

##### ***B. Disciplinary Information***

Mr. Stiles has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

##### ***C. Other Business Activities***

Mr. Stiles is not engaged in any other investment-related business, and does not receive compensation in connection with any business activity outside of Magnitude.

##### ***D. Additional Compensation***

Mr. Stiles does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

##### ***E. Supervision***

Mr. Stiles is a member of the Investment Committee. He reports to Mr. Hall. All investment decisions in which Mr. Stiles is involved must be approved by a majority vote of the Investment Committee. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee decisions to address substantive operational due diligence concerns. Compliance oversight of Mr. Stiles is provided by the CCO, Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.

## **V. BIOGRAPHICAL INFORMATION ABOUT RICHARD O. LODEWICK**

### ***A. Educational Background and Business Experience***

Mr. Lodewick was born in 1967. He received a Bachelor of Science degree in Applied Mathematics from Massachusetts Institute of Technology in 1989 and Master of Science degree in Management and Human Relations from Abeline Christian University in 1992. Mr. Lodewick was awarded the CFA designation in 1995.

Mr. Lodewick joined Magnitude in 2012 and serves as a Managing Director. Prior to joining Magnitude, Mr. Lodewick was a Principal at Levin Capital, a long/short equity hedge fund.

### ***B. Disciplinary Information***

Mr. Lodewick has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

### ***C. Other Business Activities***

Mr. Lodewick is not engaged in any other investment-related business, and does not receive compensation in connection with any business activity outside of Magnitude.

### ***D. Additional Compensation***

Mr. Lodewick does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

### ***E. Supervision***

Mr. Lodewick is a member of the Investment Committee. He reports to Mr. Hall. All investment decisions in which Mr. Lodewick is involved must be approved by a majority vote of the Investment Committee. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override Investment Committee decisions to address substantive operational due diligence concerns. Compliance oversight of Mr. Lodewick is provided by the CCO, Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.

## **VI. BIOGRAPHICAL INFORMATION ABOUT JOSH L. DISTLER**

### ***A. Educational Background and Business Experience***

Mr. Distler was born in 1975. He graduated *magna cum laude* from Harvard University with a Bachelor of Arts degree in Economics. He received his Juris Doctorate degree from Yale Law School.

Mr. Distler joined Magnitude in 2013 and serves as a Managing Director. Prior to joining Magnitude, Mr. Distler spent 15 years with the D. E. Shaw group. Most recently, he was a Senior Vice President and Chief Operating Officer of one of the D. E. Shaw group's private investing businesses.

### ***B. Disciplinary Information***

Mr. Distler has not been involved in any legal or disciplinary events that would be material to a current or prospective client.

### ***C. Other Business Activities***

Mr. Distler is not engaged in any other investment-related business, and does not receive compensation in connection with any business activity outside of Magnitude.

### ***D. Additional Compensation***

Mr. Distler does not receive economic benefits from any person or entity other than Magnitude in connection with the provision of investment advice to clients.

### ***E. Supervision***

Mr. Distler is a member of the MPS Investment Committee. He reports to Mr. Appen. All investment decisions in which Mr. Distler is involved must be approved by a majority vote of the MPS Investment Committee. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any investment in the portfolio. Separately, the partner with oversight of the operational due diligence process has the right to override MPS Investment Committee decisions to address substantive operational due diligence concerns. Compliance oversight of Mr. Distler is provided by the CCO, Raymond A. Waterhouse, Jr. Any of these individuals can be reached directly by calling the telephone number on the cover of this Brochure Supplement.