

# **INFINITAS CAPITAL LLC**

## **FIRM BROCHURE** (ADV PART 2A)

**APRIL 9, 2015**

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This brochure provides information about the qualifications and business practices of Infinitas Capital, LLC. If you have any questions about the contents of this brochure, please contact Kenneth S. Cavazzi at (646) 706-5218. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Infinitas Capital, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Infinitas Capital, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 157503.

## **2. MATERIAL CHANGES**

We have no material changes to report since our last annual update to this Form ADV Part 2A, which was on March 27, 2014.

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISORY HISTORY**

Infinitas Capital, LLC (“Infinitas Capital” or “we”) is an investment adviser registered with the United States Securities and Exchange Commission. The Adviser’s members are Kenneth S. Cavazzi, Amrith Ravi and Richard Geyser. Mr. Cavazzi is the Adviser’s managing member. Additional information about Mr. Cavazzi can be found under Item 19.

##### **B. ADVISORY SERVICES OFFERED**

Infinitas Capital provides portfolio management services for its clients. The Adviser will meet with a client to evaluate the individual client’s investment needs, goals and objectives. After the evaluation, the Adviser will recommend either the Infinitas Capital Absolute Return Portfolio, an actively traded long/short portfolio, or the Infinitas Capital Focus Portfolio, a long only investment portfolio. Item 8 contains a more detailed description of the firm’s methods of analysis and investment strategies associated with the two portfolios.

The Infinitas Capital Absolute Return Portfolio is designed for high net-worth “qualified clients.” It offers clients a choice of 2 fee arrangements, both of which charge an incentive fee to be determined by investment performance. The incentive fee arrangement is subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Separate from the two portfolio strategies, Infinitas Capital offers a tactical strategy for highly qualified investors. The firm conducts extensive amounts of research on its positions. As a result of this research, Infinitas Capital will from time to time find high conviction ideas that could have a near-term catalyst. Investors can choose to participate in these specific ideas via the “Best Ideas Strategy”. The service is offered on a discretionary or a non-discretionary basis.

Performance based fee arrangements may create an incentive for Infinitas Capital to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Infinitas Capital has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Pursuant to Investment Advisors Act of 1940, an investment adviser can charge performance based fees provided these fees are only offered to "qualified clients".

The definition of "qualified clients" can be found in SEC Section 275.205-3.

"Qualified Client" pursuant to SEC 275.205-3 means:

- (i) A natural person who or a company that immediately after entering into the contract has at least \$750,000 under the management of the investment adviser;

(ii) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000, at the time the contract is entered into; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

#### C. TAILORED SERVICES

Infinitas Capital does not allow clients to impose restrictions on the management of their accounts e.g., to avoid certain asset classes or industries.

#### D. WRAP PROGRAM

Infinitas Capital does not sponsor in a wrap program.

#### E. CLIENT ASSETS MANAGED

As of December 31, 2014, Infinitas Capital manages \$19,973,511 in discretionary assets and \$20,000,000 in non-discretionary accounts.

### 5. FEES AND COMPENSATION

#### A. INFINITAS CAPITAL ABSOLUTE RETURN PORTFOLIO AND THE BEST IDEAS STRATEGY

The Infinitas Capital Absolute Return Portfolio offers two fee options. Option 1 charges a performance fee that is paid quarterly in arrears and is 20% of the Account's "high water mark" gain but does not charge an annual fee. The performance fee will be assessed on the returns of such accounts at the end of each quarter. Option 2 charges a performance fee that is paid annually in arrears and is 20% of the Account's "high watermark" gain and a 1.00% annual fee that is calculated (and withheld) daily and paid monthly to Infinitas for clients holding their assets at Interactive Brokers, or is paid monthly or quarterly in arrears, for clients using other third-party custodians.

The Infinitas Best Ideas Strategy offers two fee structures. Option 1 for non-discretionary accounts charges a performance fee that is paid as a percentage of the profit made in the trade. The performance fee is 20% of the Account's "high water mark" gain with no annual fee. The performance fee will be assessed on the returns of such accounts when the position is liquidated or when otherwise agreed to in writing in advance. Option 2 for discretionary accounts charges a performance fee that is paid annually in arrears and is 20% of the Account's "high watermark" gain and a 1.00% annual fee that is calculated (and withheld) daily and paid monthly to Infinitas for clients holding their assets at Interactive Brokers, or is paid monthly or quarterly in arrears, for clients using other third-party custodians.

In determining the return on client accounts, Infinitas Capital considers the "high water mark," the greater of the initial investment and the highest end of billing period value of the assets previous to the current billing period (as adjusted for deposits and withdrawals of capital).

The performance fee is calculated as follows: Infinitas Capital will receive a percentage of the Net Capital Appreciation (i.e. capital appreciation less capital depreciation and any accumulated net capital depreciation carry-forward from prior billing periods) of each client's account. The performance fee is payable only if and to the extent that there is Net Capital Appreciation of the client's account during the performance fee period (as adjusted for withdrawals of capital).

In the event that Infinitas Capital fails to achieve any Net Capital Appreciation (including relative to the high water mark as defined above) during the performance fee period, no performance fee would be due to the Adviser for that quarter of management. All performance fees will comply with Section 205 of the Investment Advisers Act of 1940, Rule 205-3 there under, or similar state statutes, as applicable.

Infinitas Capital in its discretion may waive all or any portion of the performance fee or may agree with a client to other changes to the performance fee by written agreement only.

The performance fee is separate and distinct from brokerage fees, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the fee. Such charges, fees and commissions are exclusive of and in addition to the Infinitas Capital's fee, which it does not receive any portion of these commissions, fees, and costs. For additional information on the firm's brokerage practices please see Item 12, below.

#### Performance Based Management Fee Example:

Client A is a qualified client who contracts Infinitas Capital for management of his/her portfolio and assumes client A has a \$1,000,000 portfolio. The performance fee charged is payable only if and to the extent that the net capital appreciation of the clients account exceeds any net capital depreciation accumulated in prior quarters (as adjusted for withdrawals of capital). For example, suppose client A has \$1,000,000 under management with Infinitas Capital and achieves a 10%

return for a full quarter of management, which equates to a \$100,000 return. Also suppose that there was a \$20,000 carry forward loss from a previous quarter. Infinitas Capital's performance fee would be calculated as follows: the entire gain of \$100,000 less a carry forward loss of \$20,000 equals \$80,000 multiplied by 20% equals a performance fee due to the Adviser of \$16,000.

#### Termination of Infinitas Capital Absolute Return Portfolio

A client may terminate this service for any reason within the first five (5) business days after signing the Infinitas Capital Absolute Return Portfolio Agreement ("Contract") without any cost or penalty. Thereafter, the Contract may be terminated at any time by giving 30 (30) days written notice to Infinitas Capital, LLC at 99 Hudson Street 5<sup>th</sup> fl, New York, NY 10013. In the event that the client terminates the managed account before the end of the quarter and there is a net return during the performance fee period, the client shall be billed performance fee on assets under management for all profits accrued during the performance period to termination date, as agreed upon in the Contract.

#### B. INFINITAS CAPITAL FOCUS PORTFOLIO

The Infinitas Capital Focus Portfolio charges an annual management of 2.00%, but may be waived or discounted at Infinitas Capital's sole discretion. The fee is calculated and billed on a quarterly basis in arrears. The fee will be calculated on the account's previous quarter-end value as reported by the account's custodian and deducted from the client's account. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the account and are included in the fee calculations.

The fee is separate and distinct from brokerage fees, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the fee. Such charges, fees and commissions are exclusive of and in addition to the Infinitas Capital's fee, which it does not receive any portion of these commissions, fees, and costs. For additional information on the firm's brokerage practices please see Item 12, below.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance.

#### Termination of the Infinitas Capital Focus Portfolio

A client may terminate the Infinitas Capital Focus Portfolio Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the Contract may be terminated at any time by giving 30 (30) days written notice to Infinitas Capital, LLC at 99 Hudson Street 5<sup>th</sup> fl, New York, NY 10013. Upon termination, fees will be prorated for the time services were rendered during the termination quarter and billed to the client.

## **6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

Infinitas Capital offers performance based fees to qualified clients. This is described above in Item 4(B) and 5(B) above. Performance based fee arrangements may create an incentive for Infinitas Capital to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Infinitas Capital has policies and procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These policies and procedures include:

- All accounts are managed according to the strategy agreed to with each client.
- Infinitas Capital performs a periodic review of each client's account. In this review, performance account trades are reviewed and compared with non-performance account trades to ensure favoritism was not exercised.
- Infinitas Capital has trade allocation policies and procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **7. TYPES OF CLIENTS**

Infinitas Capital's services are offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other businesses. Infinitas Capital does not have a minimum account size or have any conditions on its Infinitas Capital Focus Portfolio. With the Infinitas Capital Absolute Return Portfolio, Infinitas imposes requirement set forth in Item 5(B) above.

Infinitas Capital does not require a minimum account size for its Infinitas Capital Focus Portfolio. It does require a minimum account of \$100,000 for its Infinitas Capital Absolute Return Portfolio.

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

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Infinitas Capital manages the investment portfolios with the principal investment objective of long term capital appreciation. No assurance can be given that the investment objective will be achieved and investment results may vary substantially.

Infinitas Capital seeks to generate high risk adjusted returns by investing in securities we believe are mispriced by the markets. This mispricing is generally a result of improper asset valuation, a misperception in earning power, or from general market conditions. We invest across various asset classes and geographies. We emphasize valuation and try to buy assets at a deep discount to our estimates of their worth.

Infinitas Capital utilizes a "bottom up" research process with an emphasis on intensive original research. We generate our ideas from a proprietary screening process. In our company analysis we research a company's publicly available information including annual reports, press releases,



conference call transcripts, prospectuses and other filings. We will also analyze the company's industry, customers, competitors, and suppliers. During this period we will build our own financial statements with projections for the company's earnings and cash flow. We size our positions based upon the risk reward profile of the investment and our overall levels of conviction in our investment thesis.

Infinitas Capital will engage in short selling (Infinitas Capital Absolute Return Portfolio only) to generate returns, hedge market risk, and reduce overall correlation to the market. The amount of capital invested in the long portfolio will be driven by the quality of investment ideas. The amount of capital invested in our short portfolio will be driven by a hedged function of our long portfolio and by our quality of absolute return short ideas. We may also take into consideration our view of the market and/or economy as a whole.

In connection with implementing its overall investment objectives and strategies, Infinitas Capital employs the following investment strategies, subject to accounts restrictions and other factors:

**Equity** –When researching a public company's common stock we evaluate its upside and its downside. By assigning probabilities to the upside and downside scenarios we formulate an internal expected return estimate. Equities with high expected returns are considered for candidacy in our portfolios. Our equity strategy focuses on a range of styles including but not limited to growth, cyclical, turnaround situations, event driven, and franchise investing strategies.

- **Growth Stocks** – Growth companies have unit volume growth potential and ample capital reinvestment opportunities.
- **Cyclical Stocks** – Typically include companies that are experiencing pricing power and volume growth as a result of supply and demand imbalances and or resource constraint.
- **Event Driven Situations** – Situations that are characterized by an event or specific situation that can create or unlock value rather than general business conditions. This may include but are not limited to spin offs, asset sales or merger related activity.
- **Turnaround Situations** – Restructuring activities leading to margin expansion and earnings leverage.
- **Franchise Businesses** – Businesses with sustainable and durable competitive advantages, high returns on capital, brand strength and pricing power.
- **Portfolio Concentration** – Infinitas Capital typically focuses its investments on a limited number of issues and does not seek to diversify investments among types of securities, market capitalizations, industry sectors, and geographies. Generally equity positions will be below 25% of the portfolio's equity balance at cost. We will also generally limit any GICS industry subgroup to be below 40% of the portfolio's equity balance at costs.

**Fixed Income** – Infinitas Capital may occasionally invest in fixed income securities, including a wide range of securities including US corporate debt, non US corporate debt, US government and agency debt, foreign government debt, and convertible bonds without regard to maturity, or the rating of the issuer.

**Actively Managed Portfolio**– Infinitas Capital will tactically trade around core positions to take advantage of market price anomalies. While we intend to engage in active trading to enhance returns and reduce volatility, it may be possible that active management can reduce returns by increased trading commissions and transaction costs.

Infinitas Capital will also use the following investment strategies in its Infinitas Capital Absolute Return Portfolio.

**Portfolio Margin** – Infinitas Capital may purchase securities on margin to enhance returns. The more leverage employed, the more likely a substantial change will occur in the value of the accounts interests. Loans in the managed account are secured by the securities and cash held in the account. However, if the securities in the account decline in value beyond a specific threshold the investor will be required to deposit more cash or selling securities.

**Short Selling** – Infinitas Capital engages in short selling to generate returns, reduce market risk and market correlation. Infinitas Asset Management engages in three short selling practices: 1) ETF or index hedges- ETFs will be used to reduce market exposure. 2) Absolute return shorts – securities that are shorted with the expectation of profit potential due to unrealistic investor expectations, declining fundamentals, or deteriorating balance sheet metrics. 3) Industry and sector ETFS to hedge industry and sector risk.

#### B. INVESTMENT RISKS

The description contained herein is a brief overview of the investment strategy and financial instruments that may be used and is not intended to be complete. These methods and strategies of investing involve risk of loss to clients and the clients must be prepared to bear the loss of their entire investment. There are substantial risks related to Infinitas Capital's investment objective and strategies. The material risks related to the foregoing investment strategies include:

- **Portfolio Concentration** – Generally equity positions will be below 15% of the portfolio's equity balance at cost. As a result, accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, they may have more volatility and are considered to have more risk than accounts that are invested in a greater number of securities because changes in the value of a single security may have more of a significant effect, either negative or positive. Accordingly, portfolios are subject to more rapid changes in value than would be the case if Infinitas Capital maintained a more diversified portfolio.
- **Equities** – Investing in equities involves a risk of loss that clients should be prepared to bear. Fluctuations can be dramatic over the short and long term. The prices of securities in which Infinitas Capital invests may decline for a number of reasons. Price changes may occur in the market as a whole, or they may occur in only one particular company, industry, or sector in the market. Should a company undergo bankruptcy, the stock of that company might have the least senior interest and could become worthless. Infinitas Capital may be wrong in their assessment of a company's value and the stock may not reach what the portfolio managers believe is its full value.

- **Fixed Income** – The value of fixed income securities in which we invest change as the general levels of interest rates fluctuate. When interest rates decline the value of fixed income securities can be expected to rise. Conversely when interest rates rise, the values of such securities are expected to decline.
- **Option Trading** – Option trading is speculative and involves high degree of risk. If we purchase a put or call option, it may lose the entire premium paid. If we write or sell a put or call option its loss is potentially unlimited.
- **Foreign Issues** – A portion of the portfolio may be invested in securities of foreign issuers or securities denominated in foreign currencies. Investing in foreign securities and or currencies may present a greater degree of risk than investing in domestic securities due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, fewer regulations, less favorable tax provisions, war or expropriation.
- **Broker Bankruptcy** – While the Infinitas Capital conducts due diligence on the brokers it selects to execute trades, there is no guarantee that the broker could not file for bankruptcy.

With respect to the Infinitas Capital Absolute Return Portfolio there are additional material risks that include:

- **Derivatives** – We may make use of various derivative instruments such as options and futures. The use of derivative instruments require a high degree of leverage, meaning the overall contract value is much greater than the modest deposit used to buy the position in the derivative contract. As a result there is a higher result of profit and loss. Derivative securities can be highly volatile and the prices of the derivative contracts and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions.
- **Portfolio Margin** – Loans in the managed account are secured by the securities and cash held in the account. However, if the securities in the account decline in value beyond a specific threshold the investor will be required to deposit more cash or sell securities. A margin call may come at an inopportune time. In addition, trading on margin results in interest charges to the funds.
- **Short Sales** – We enter into transactions known as short sales in which we sell a security that we do not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. In particular, a tender offer or similar transaction with respect to a company whose securities we have sold short could cause the value of such securities to rise dramatically resulting in substantial losses. Brokers may also require that we cover short position at an inopportune time.

Clients need to ask questions about risks they do not understand. Infinitas Capital would be pleased to discuss them.

## **9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Adviser or the integrity of its management.

Infinitas Capital and its owners have no information applicable to this Item because they have not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

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

Infinitas Capital is not affiliated with a broker-dealer or a futures or commodities broker. It also does not select third party investment advisers for its clients.

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

### **A. DESCRIPTION**

Infinitas Capital's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Code of Ethics is available as a separate PDF file in adobe and is available free of charge upon request by any client or prospective client.

Infinitas Capital's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Infinitas Capital must acknowledge the terms of the Code of Ethics annually, or as amended.

### **B. MATERIAL INTEREST IN SECURITIES**

Infinitas Capital and Mr. Cavazzi do not have a material interest in any securities.

### **C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

Infinitas Capital or individuals associated with it may buy or sell – for their personal account(s) - investment products identical or opposite to those recommended to clients. It is the general policy of Infinitas Capital that no person employed by it may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. On occasion, circumstances may arise where different trading programs or time horizons could have advisers (or individuals associated with Infinitas Capital) assuming a trading position before or after the client(s), transaction that may or may not be the same or is counter to those of advisory accounts. All positions are reviewed in an effort to prevent such employees from benefiting from transactions placed on behalf of advisory accounts. Infinitas Capital will always act in the client's best interest.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDATION CRITERIA**

When Infinitas Capital recommends brokers or custodians, it will seek broker dealers who offer competitive commissions costs together with reliable services. A client's choice of another broker-dealer is acceptable if proven feasible. Infinitas Capital has and continues to recommend Interactive Brokers for transaction execution. Infinitas Capital recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clients. Clients should be aware, however, Infinitas Capital has an incentive to select or recommend a broker-dealer based on receiving the research rather than on the clients' best interest in receiving most favorable execution.

#### **i. RESEARCH AND SOFT DOLLARS**

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. In April 2015, Infinitas Capital began accepting soft dollars from recommended brokerage firms in the form of a \$0.01 per share markup. (As a result lower execution rates may be available from other brokerage firms.) Infinitas Capital uses soft dollars for research prepared by third parties. As a result Infinitas Capital receives a benefit because it does not have to produce or pay for the research.

As part of its fiduciary duties to clients, Infinitas Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, Infinitas Capital has an incentive to select or recommend a broker-dealer that allows Infinitas Capital to charge the \$0.01 per share markup rather than on the clients' best interest in receiving most favorable execution. Infinitas Capital attempts to mitigate the conflict of interest through its fiduciary duty to its clients. Also, Infinitas Capital uses the research to benefit all clients. Finally, Infinitas Capital allows clients to refuse to pay the extra \$0.01 per share markup.

#### **ii. BROKERAGE FOR CLIENT REFERRALS**

Infinitas Capital does not receive client referrals or any other incentive from Interactive Brokers.

#### **iii. DIRECTED BROKERAGE**

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

## **B. TRADING POLICIES**

On occasions when selling the same security for multiple accounts, Infinitas Capital may aggregate orders to a single block order against an average price account. The average price account will allocate proportionate shares to each client's account.

It is Infinitas Capital's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Infinitas Capital will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **13. REVIEW OF ACCOUNTS**

### **A. PERIODIC REVIEWS**

Infinitas Capital reviews each portfolio's holdings on at least a quarterly basis.

### **B. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

### **C. REPORTS**

Infinitas Capital does not prepare regular client reports. All clients will receive at least quarterly statements from Interactive Brokers, Infinitas Capital or other custodians as the case may be. Infinitas Capital urges clients to carefully review such statements.

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

### **A. OTHER COMPENSATION**

Infinitas Capital does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

### **B. CLIENT REFERRALS**

Infinitas Capital may receive client referrals from other investment advisers. When doing so, Infinitas Capital will share a portion of its management fee with the other investment adviser. The portion shared is typically 20% of the management fee and 10% of the performance fee. Prior to sharing of the fee, Infinitas Capital will ensure the other investment adviser is registered in the appropriate state or is exempt from registration.

## **15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. Infinitas Capital does not take possession of a client's securities. However, the client will be asked to authorize Infinitas Capital with the ability to deduct fees directly from the client's account. This authorization will be to deduct Infinitas Capital's fees only. Prior to deducting the fee, Infinitas Capital will send a billing statement (invoice) to the client that indicates the fee to be withdrawn and how it was calculated from the account. A client may object to the deduction of Infinitas Capital's management fees from the Account by notifying Infinitas Capital at the address or telephone number shown on each billing invoice or by notifying client's custodian. The client's custodian will also send a quarterly statement indicating the amount of fees withdrawn from the client's Account. Infinitas Capital urges clients to carefully review such statements.

## **16. INVESTMENT DISCRETION**

Infinitas Capital manages client accounts on a discretionary basis, which is granted when the client signs the portfolio management agreement. The Agreement limits Infinitas Capital's discretionary trading authority to the type, price, time and amount of securities to be bought and sold. Infinitas Capital will be allowed to place trades without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction.

## **17. VOTING CLIENT SECURITIES**

Unless otherwise negotiated with the client, Infinitas Capital will not be responsible for responding to proxies for securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact Mr. Cavazzi.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

Infinitas Capital does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the Infinitas Capital's financial condition. Infinitas Capital has no financial commitment that impairs its ability to service its clients.

### **C. BANKRUPTCY**

Infinitas Capital, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.

## **19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

### **A. EXECUTIVE OFFICERS AND MANAGEMENT**

#### **Kenneth S. Cavazzi – Managing Member**

**Born:** 1977

**Education:** *University of Rochester* – Bachelor of Arts – Economics

**Business Background:**

*Infinitas Capital, LLC* – April 2011 – Present  
– Owner/Managing Member  
– Investment Adviser Representative

*Dimension Trading Group LLC* – September 2010 – May 2011  
– Mr Cavazzi managed a proprietary trading account at Dimension.

*Bear Stearns & Co., Inc* – April 2006 – July 2008  
*Bear Stearns Asset Management, Inc.* – April 2006 – July 2008  
– Registered Representative  
– Investment Adviser Representative

Mr Cavazzi was a managing director and co-portfolio manager of the Bear Stearns Focused Opportunities Fund, a fundamentally driven long short fund.

#### **Richard Geyser – Chief Operating Officer**

**Born:** 1968

**Education:** *Harvard College* – A. B. – cum laude  
*Thunderbird, the American Graduate School of International Management* –  
M.B.A. with High Honors

**Business Background:** Richard Geyser has over 15 years of alternative investments-related experience. From 2004 to 2012, Mr. Geyser was a managing direct at Platinum Partners, a \$1 billion dollar alternative investments firm that managed 3 hedge funds. In 2003 Mr. Geyser was a Director at Paravane Partners, an equity program trading firm. In 2002 he started and was a Managing Partner at two hedge funds: Voyager Partners (options volatility and equity statistical arbitrage) and Entropy Partners (equity statistical arbitrage). From 1996 through 2001, Mr. Geyser was a Senior Vice President and convertible broker/trader at BlueStone Capital Corp.

#### **Amrith Ravi**

**Born:** 1977

**Education:** *Columbia Business School* – M.B.A.  
*University of Rochester* – B.A. in Economics and minor in Mathematics.



**Business Background:** From January 2011 until March 2013 Mr. Ravi worked at Riverside Company (\$3.5 billion private equity fund) as part of a 2 person investment team focused on long and short investments in small cap public equities. From November 2006 until November 2009, Mr. Ravi ran the U.S. hedge fund leveraged finance desk at Commerzbank where he co-invested \$200 million with 30 different hedge funds across multiple strategies. Previously, he held hedge fund financing roles at Wachovia Bank (January 2005 – November 2006) and Royal Bank of Canada (July 2001 – December 2004).

**B. OTHER BUSINESS ACTIVITY**

Mr. Cavazzi, Mr. Geyser and Mr. Ravi do not have any other business activities, investment related or otherwise.

**C. PERFORMANCE BASED COMPENSATION**

As outlined in Item 5.A, above, the management receives performance based compensation from the Infinitas Capital Absolute Return Portfolio. The performance fee for the Infinitas Capital Absolute Return Portfolio is calculated as follows: In Option 1, Infinitas Capital does not charge a base fee and its performance fee is 20% of the Account's "high water mark" gain on a quarterly basis. In Option 2, Infinitas Capital charges a (1% annual fee and a) performance fee equal 20% of the Account's "high water mark" gain on an annual basis. In determining the return on client accounts, Infinitas Capital considers the "high water mark," the highest value of the assets during the year previous to the end of the current billing period (as adjusted for deposits and withdrawals of capital). Infinitas Capital will receive a percentage of the net capital appreciation (i.e. capital appreciation less capital depreciation and any accumulated net capital depreciation carry-forward from prior periods) of each client's account. The performance fee is payable only if and to the extent that the capital appreciation of the client's account exceeds any capital depreciation accumulated during the performance fee period (as adjusted for withdrawals of capital). Infinitas Capital in its discretion may waive all or any portion of the performance fee or may agree with a client to other changes to the performance fee by written agreement only.

In the event that Infinitas Capital fails to achieve any capital appreciation relative to the high water mark as defined above during the performance fee period, no performance fee would be due to the Adviser for that quarter of management. All performance fees will comply with Section 205 of the Investment Advisers Act of 1940, Rule 205-3 there under, or similar state statutes, as applicable.

**Performance Based Management Fee Example:**

Client A is a qualified client who contracts Infinitas Capital for management of his/her portfolio and assumes client A has a \$1,000,000 portfolio. The performance fee charged is payable only if and to the extent that the net capital appreciation of the clients account exceeds any net capital depreciation accumulated in prior quarters (as adjusted for withdrawals of capital). For example, suppose client A has \$1,000,000 under management with Infinitas Capital and achieves a 10% return for a full quarter of management, which equates to a \$100,000 return. Also suppose that there was a 2% carry forward loss from a previous quarter. Infinitas Capital's performance fee would be calculated as follows: the entire gain of \$100,000 less a carry forward loss of \$20,000

(i.e., the 2% carry forward loss mentioned earlier) equals \$80,000 multiplied by 20% equals a performance fee due to Adviser of \$16,000. Pro-rated performance fees would be charged during the first quarter of management.

Please note that performance based compensation may create a conflict of interest for the adviser to recommend an investment that may carry a higher degree of risk to the client.

**D. DISCIPLINARY HISTORY**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

**E. ADDITIONAL RELATIONSHIPS WITH ISSUERS OF SECURITIES**

Registered investment advisers are required to disclose all material facts regarding any relationship with an issuer of securities. Neither Infinitas Capital nor executive management has a relationship with an issuer of securities. Therefore, no information is applicable to this Item.