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This brochure provides information about the qualifications and business practices of Sadrian Bowman Capital LLP (“Sadrian Bowman” or “Firm”). If you have any questions about the contents of this brochure, please contact us at +44(0)207-647-0624. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## Material Changes

This is the annual update for Sadrian Bowman’s Form ADV Part 2A for 2015. Material changes include the Firm’s new strategic partnership between Sadrian Bowman and Digital World Capital LLP (“DWC”) as outlined in Item 4. Other changes which have not been deemed to be material are outlined in the relevant sections. Clients are advised to read this update thoroughly for information regarding Sadrian Bowman’s advisory business.

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## **Item 4. Advisory Business**

Sadrian Bowman Capital LLP is a limited liability partnership incorporated under the laws of England and Wales on 14 December 2012. Luke Sadrian, Chief Investment Officer (“CIO”), Andrew Bowman, Chief Research Officer (“CRO”) and Stuart Atkinson, Chief Executive Officer (“CEO”) are the founding partners and primary owners of the Firm, which is a London-based discretionary commodities investment management business. Sadrian Bowman focuses solely on providing discretionary management advice with regard to commodities investments across Energy, Metals and Agriculture markets. The Firm is also authorized and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom.

In May 2015, Sadrian Bowman entered into a strategic partnership with Digital World Capital LLP (“DWC”) whereby the Firm has moved into segregated office space within DWC’s offices and receives operational and administrative support from DWC, including legal, compliance, IT and other back office operational assistance. In return for these services and a seed investment in the Class C shares of the Fund, Sadrian Bowman will pay a portion of the management fees received from the Funds to DWC in accordance with the details outlined in Item 5 below.

Sadrian Bowman serves as the investment manager to both the Sadrian Bowman Commodities Master Fund Ltd and the Sadrian Bowman Commodities Fund Ltd. (collectively “the Funds”). The Funds have identified and agreed upon investment objectives and restrictions. Individual investors in the Funds are not permitted to modify the investment strategy of the Funds. As of March 31, 2015, Sadrian Bowman managed approximately \$52.5 million on a discretionary basis.

## **Item 5. Fees and Compensation**

Sadrian Bowman receives an annual management fee of 1.5% on Class A shares and a fee of 2% on Class B shares payable monthly in arrears from the Funds. The Management Shares are not charged a management fee. In addition, as part of the new arrangement with DWC, the Fund has provided Class C shares. It is intended that the Class C Shares will generally bear approximately twice the risk and be entitled to approximately twice the return as the Class A Shares and Class B Shares. Sadrian Bowman receives an annual management fee of 4.0% on Class C shares, as further outlined in the private placement memorandum.

In addition to the management fee, Sadrian Bowman will also receive an incentive allocation subject to a standard high water mark of 15% for Class A shares and 20% of Class B shares and Class C shares. The incentive fees accrue on a monthly basis but are payable annually. The Management Shares are not subject to an incentive fee.

In addition, there will be other fees and expenses not payable to Sadrian Bowman which will be charged to the Funds. For a complete description of such expenses, please see the private placement memorandum of the Funds.

As part of the new strategic partnership, the Firm has entered into a revenue sharing agreement with DWC through which DWC will receive a portion of the management fees.

## **Item 6. Performance Based Fees and Side-by-Side Management**

Sadrian Bowman currently provides investment advice to the Funds as defined under Item 4 above, which both charge a performance based fee. In addition, the Firm also provides discretionary management services to a separately managed account which is run in parallel with the Funds and also pays an incentive based fee. Therefore there are no conflicts present which may arise in the event that the Firm also advises non-performance fee paying clients (“side by side management”). However, the existence of performance based compensation in itself may give rise to certain other conflicts whereby Sadrian Bowman may be encouraged to take greater risks than it otherwise would in the absence of such compensation.

## **Item 7. Types of Clients**

Sadrian Bowman currently provides portfolio management services to the Funds which are private investment funds offered solely to qualified purchasers. The Firm also provides discretionary investment management services to a separately managed account that is run *pari passu* to the Funds.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

As mentioned previously, the investment strategy pursued for the separately managed account is identical in all respects to that pursued by the Funds as outlined herein. Therefore, the separately managed account will be subject to all of the same methods of analysis and risk of loss as outlined below.

### Investment Strategy and Methods of Analysis

The Firm employs a discretionary global commodities strategy. Sadrian Bowman’s investment staff undertakes continuous micro fundamental research across 30+ commodities in an effort to provide a constant flow of investment opportunities in the most interesting space and not limit itself to specific specialized markets. This research is based on rigorous bottom-up analysis of raw data to identify investment themes and is executed on a discretionary basis utilizing the extensive trading and derivatives background of its founders. The approach is delivered within a strongly defined risk management framework, the parameters of which are intended to allow optimal risk expression whilst striving to ensure capital preservation. Sadrian Bowman’s research team documents an investment case and road map, which is then debated by the designated research analyst, Sadrian Bowman’s CRO and the CIO. The investment case review focuses on the risk / reward profile of the potential investment (outright and verses existing trades), the catalyst timeframe, and any correlation with current portfolio and market positioning. The team is expected to reach a general consensus, with the final investment decision resting with the CIO.

The strategy will generally be composed of limited instruments, namely exchange traded futures and options and OTC exchange traded “lookalikes”. However, the Fund documents provide Sadrian Bowman the flexibility to invest in a wide range of other investments, including (but not limited to) fixed income instruments, options, warrants, swaps and other derivative instruments.

Derivative instruments may be exchange-traded or over-the-counter. The Firm may also employ short positions in commodities and may use leverage in pursuing the Funds' investment objective, including, without limitation, by investing in financial instruments (such as derivatives) that have embedded leverage, as well as using borrowed funds.

The anticipated investment time horizon is 1-12 months, with the optimum being 2-4 months. Sadrian Bowman will employ sector concentration risk limits as well as portfolio risk levels, a real world risk framework, subsector risk limits, high investment hurdles, and application of strict drawdown procedures in an attempt to preserve capital and mitigate risk. The overall net market exposure of the Funds will vary according to Sadrian Bowman's view of market prospects. The Funds may retain amounts in cash where the investment environment is not deemed to be attractive.

#### Investment Risk

The process of portfolio risk management is continuous, begins with a defined risk management framework for each theme, through portfolio construction, understanding market positioning, monitoring real-time risk and P&L and reappraising each theme and the overall portfolio at the end of every day. Despite the best efforts of the Firm to mitigate risks in the portfolios, potential investors should be aware that **an investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost.** No guarantee or representation is made that the Funds' investment program will be successful, or that the Funds' returns will exhibit low correlation with an investor's traditional securities portfolio. The Fund may utilize investment techniques such as option transactions, short sales, derivatives trading and futures and forward contracts, which practices can involve substantial volatility and can, in certain circumstances, substantially increase any potential adverse impact to which the Funds' investment portfolio may be subject. A discussion of the material risks impacting the Funds is included below. For a full discussion of all risks applicable to an investment in the Funds, prospective investors should refer to the Funds' private placement memoranda.

General Risks of Investing in Financial Instruments. Any investment in financial instruments carries certain market risks. An investment in the Fund is highly speculative and involves a high degree of risk due to the nature of the Funds' investments and the investment strategies and trading strategies to be employed. An investment in the Fund should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

Short Operating History. The Funds have a short operating history upon which prospective investors can evaluate the anticipated performance. The past performance of Sadrian Bowman or its affiliates may not be indicative of the future performance of the Funds.

Dependence on Key Individuals. Shareholders have no authority to make decisions on behalf of the Funds. The success of the Funds depends upon the ability of key members of Sadrian Bowman's investment team to develop and implement investment strategies that achieve the Funds' investment objective. If the Funds were to lose the services of these members, the consequence to the Funds could be material and adverse and could lead to the premature termination of the Funds.

Discretion of Sadrian Bowman; New Strategies and Techniques. Sadrian Bowman has considerable discretion in the types of financial instruments which the Funds may trade and has the right to modify the trading strategies or hedging techniques of the Funds without the consent of the Shareholders. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational shortcomings which could result in unsuccessful trades and, ultimately, losses to the Funds. In addition, any new trading strategies or hedging technique developed by the Funds may be more speculative than earlier techniques and may increase the risk of an investment in the Funds.

"Master-Feeder" Structure. The Funds invest through a "master-feeder" structure. The master-feeder Funds structure – in particular the existence of multiple feeder funds investing in the same master Funds – presents certain unique risks to investors. Smaller feeder funds investing in a master Funds may be materially affected by the actions of larger feeder funds investing in a master Funds. For example, if a larger feeder Funds redeems from the Master Funds, the remaining feeder funds, including the Funds, may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Funds' portfolio may become less diverse due to liquidations of positions needed to fund a redemption by larger feeder Funds, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund. In addition, since the Funds' assets are generally expected to be substantially invested in the Master Fund, certain conflicts of interest in determining whether to hold or dispose of an asset may exist due to different tax considerations applicable to the Funds and any other feeder funds.

General Economic and Market Conditions. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. The economies of countries in which the Funds may invest may differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Legal, Tax and Regulatory Environment for Private Investment Funds. The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving, and changes in the regulation of private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of the

Funds to pursue its investment program and the value of investments held by the Funds. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Funds and the Shareholders' investment therein. In addition, the Board of Directors may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in the Funds' interest, even if such laws and regulations may have a detrimental effect on one or more Shareholders.

Misconduct of Employees and of Third-Party Service Providers. Misconduct by employees or by third-party service providers could cause significant losses to the Funds. Employee misconduct may include binding the Funds to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities. Although Sadrian Bowman will adopt measures to prevent and detect employee misconduct and to select reliable third party providers, such measures may not be effective in all cases.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Funds interacts on a daily basis.

Limited Liquidity. An investment in the Funds provides limited liquidity since the Shares are not freely transferable and a Shareholder's right to redeem is subject to the terms and restrictions set forth in the private placement memoranda (including any supplement thereto), the Articles and the subscription Agreement. The Funds may invest a portion of its assets in financial instruments that are not publicly traded. The Funds may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such assets for a specified period of time. Accordingly, the Funds may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid assets. The Funds may also suspend the redemption rights of the Shareholders. An investment in the Funds is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

Possible Adverse Effects of Substantial Redemptions. In the event that there are substantial redemptions of Shares within a limited period of time, Sadrian Bowman may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay redemptions, Sadrian

Bowman may be required to liquidate positions of the Funds at an inopportune time or on unfavorable terms, resulting in lower net assets for the remaining Shareholders and a lower redemption price for the redeeming Shareholders. The Board of Directors may elect to cause the redemption of all Shares and liquidate the Funds at any time if, in its view, continued operation of the Funds would be impracticable or imprudent for any reason, including if the amount of the Funds' assets declines to a significant extent.

Possibility of Different Information Rights. Certain Shareholders may invest on different terms that, among other things, provide access to information that may not be available to other shareholders and, as a result, may be able to act on such additional information (*i.e.*, redeem their Shares) that other Shareholders do not receive.

Other Agreements; Different Terms of Shareholders. The Funds, the Manager, Sadrian Bowman and their affiliates may from time to time enter into Other Agreements with one or more Shareholders that alter, modify, or change the terms of the Shares held by such Shareholders. Other Agreements may provide such Shareholder(s) with additional and/or different rights (including, without limitation, with respect to Management Fees and the Incentive Allocation applicable to the corresponding Shares, redemption rights, minimum and additional subscription amounts, informational rights, capacity rights and other rights) than the other Shareholders. For example, an Other Agreement may permit a Shareholder to redeem Shares on less notice and/or at different times than other Shareholders. In general, the Funds are not required to notify any or all of the other Shareholders of any of the rights and/or terms or provisions of such Other Agreements, nor are the Funds required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders.

Amortization of Organizational Costs. Certain of the Funds' organisational, reorganizational and offering expenses may be, for accounting purposes, amortized by the Funds for up to a 60-month period from commencement of the Funds. Amortization of such expenses over a period that is up to 60 months is a divergence from GAAP, which may, in certain circumstances, result in a qualification of the Funds' annual audited financial statements.

Tax Considerations. The Investment Manager may or may not take tax considerations into account in determining when the Funds' positions should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction.

Identity of Beneficial Ownership and Withholding on Certain Payments. In order to avoid a US withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed US investments, each of the Funds and the Master Funds will generally be required to register with the US Internal Revenue Service (the "Service") by 30 June 2014 and agree to identify certain of its own direct and indirect US account holders (including equity holders and debt holders). A non-US investor in the Funds will generally be required to provide to the Funds information which identifies its direct and indirect US ownership. Any such information provided to the Funds will be shared with the Service. A non-US investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Internal Revenue Code will also generally be required to register with the Service by 30 June 2014 and agree to

identify certain of its own direct and indirect US account holders (including equity holders and debt holders). A non-US investor who fails to provide such information to the Funds or register and agree to identify such account holders (as applicable), would be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed US investments of the Funds, and the Board of Directors may take any action in relation to an investor's Shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information gave rise to the withholding. Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Funds.

Counterparty Risk. Some of the markets in which the Funds may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. Generally, the Funds will not be restricted from dealing with any particular counterparties. The Investment Manager's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Counterparty Default. The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Funds will monitor on an ongoing basis the creditworthiness of firms with which it will enter into over-the-counter derivative transactions. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Funds being less than if the Funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Funds' assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the assets originally entrusted to such prime broker or broker dealer. Investors should assume that the insolvency of any counterparty would result in a loss to the Funds, which could be material.

Liquidity Risks Generally. Liquidity is important to the Funds' businesses. Under certain market conditions, such as during volatile markets or when trading in a particular instrument or market is otherwise impaired, the liquidity of the Funds' portfolio positions may be reduced. In addition, the Funds may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Funds' liquidity. During such times, the Funds may be unable to dispose of certain investments, including longer-term investments, which would adversely

affect its ability to rebalance its portfolios or to meet redemption requests. In addition, such circumstances may force the Funds to dispose of investments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar assets at the same time, the Funds may be unable to sell such investments or prevent losses relating to such investments. Furthermore, if the Funds incur substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Funds' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds' credit risk to them.

Leverage; Borrowing for Operations. The Funds may use "leverage" as part of the investment program. Leverage may take the form of, among other things, any of the financial instruments described herein, including, derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The use of leverage will allow the Funds to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital, however, leverage will also magnify the volatility of changes in the value of the Funds' portfolio. The effect of the use of leverage by the Funds in a market that moves adversely to its investments could result in substantial losses to the Funds, which would be greater than if the Funds were not leveraged. In addition, the Funds will have the authority to borrow money for cash management purposes and to meet redemptions that would otherwise result in the premature liquidation of its investments. The level of interest rates generally, and the rates at which the Funds can borrow particularly will affect the operating results of the Funds. The amount of borrowings and leverage which the Funds may have outstanding at any time may be substantial in relation to its capital. The instruments and borrowings utilized by the Funds to leverage investments may be collateralized by the Funds' portfolio. Accordingly, the Funds may pledge its assets in order to borrow or otherwise obtain leverage for investment or other purposes. Should the assets pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call", pursuant to which the Funds must either deposit additional funds or assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. The banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to secure or maintain adequate financing.

Market Value Borrowings and Derivatives; Financing Arrangements; Availability of Credit.

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require the Funds to post margin results add certain additional risks to the Funds. For example, should the assets pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds or assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden drop in the value of the Funds' portfolio, the Funds might not be able to liquidate investments quickly enough to satisfy their margin requirements or may be required to close out positions at losses, which if the Funds had continued to hold would have been profitable.

As a general matter, the banks and dealers that provide financing to the Funds can apply essentially discretionary margin, "haircut" financing as well as asset and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel the Funds to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Funds' equity.

**Volatility Risk.** The Funds' investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying assets. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Funds.

**Long-Term Investments.** The Funds may pursue investment opportunities for the Funds that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, the Funds may forego value in the short term or temporary investments in order to be able to avail the Funds of additional and/or longer-term opportunities in the future. Consequently, the Funds may not capture maximum available value in the short term, which may be disadvantageous, for example, for Shareholders who redeem all or a portion of their Shares before such long-term value may be realized by the Funds.

**Short Positions.** The Funds may engage in transactions that create a short position to the extent consistent with the Funds' investment strategy. A short position creates the risk of a theoretically unlimited loss, in that the price of the underlying asset could theoretically increase without limit. Legal and regulatory restrictions may impact on the ability of the Funds to take short positions and/or may require the Funds to disclose any short position with possible adverse consequences to the Funds.

**Diversification and Concentration.** The Investment Manager selects investments that are concentrated in a limited number or types of financial instruments. In addition, the Funds' portfolio is expected to be significantly concentrated in financial instruments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification results in the concentration of risk, which, in turn, could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such financial instruments.

**Exchange Rate Fluctuations; Currency Risks.** The Funds may invest in financial instruments denominated in non-US currencies, the prices of which are determined with reference to currencies other than the US Dollar. The Funds, however, value their financial instruments in US Dollars. The Funds may or may not seek to hedge their non-US currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging

currency or market shifts will be available at the time when the Funds wish to use them, or that hedging techniques employed by the Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Funds' positions in investments denominated in currencies other than US Dollars will fluctuate with US Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the US Dollar compared to the other currencies in which the Funds make investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Funds' investments in their local markets and may result in a loss to the Funds. Conversely, a decrease in the value of the US Dollar will have the opposite effect on the Funds' non-US Dollar investments.

Factors affecting Commodities Prices. The values of commodities which underlie the commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Funds and Sadrian Bowman have no control over the factors that affect the price of commodities. Accordingly, the value of the Funds' investments could change substantially and in a rapid and unpredictable manner.

Developments in Commodities Markets. In recent years, world commodity markets experienced extraordinary market conditions, including, among other things, extreme volatility. Prices and trading volumes for certain commodities have experienced significant volatility in recent months as dislocations in the equity and credit markets have caused inflows of capital and the entrance of new market participants into the commodity markets. Fundamental demand for commodities in developing countries, such as China and India, has also contributed to increased volatility in prices of certain commodities. In the event that the Funds are long or short a commodity and are unable to react or adjust their trading strategy quickly enough to account for a rapid drop or increase, as the case may be, in the price of the commodity, the Funds may be adversely affected. Volatility in agricultural products and other commodities markets has led to governmental review of those markets worldwide, including major legislative and regulatory inquiries and proposals in the United States with respect to trading on futures contract markets. The current market conditions have produced, and may produce in the future, legislative and regulatory developments that could adversely affect the ability of the Funds to conduct trading.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk. In addition, the Funds may, in the future, take

advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which the Funds may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Funds. The Funds may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying asset) assumes the risk of a decline in the market price of the underlying asset below the purchase price of the underlying asset less the premium received, and gives up the opportunity for gain on the underlying asset above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying asset above the exercise price of the option. The assets necessary to satisfy the exercise of an uncovered call option, if applicable, may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing assets to cover the exercise of an uncovered call option can cause the price of the assets to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. The Funds may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying asset) assumes the risk of an increase in the market price of the underlying asset above the sales price (in establishing the short position) of the underlying asset plus the premium received, and gives up the opportunity for gain on the underlying asset if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying asset below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is

substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective Shareholders should read the Funds' private placement memoranda and consult with their own advisers before deciding whether to invest in the Funds. In addition, as the Funds' investment program develops and changes over time, an investment in the Funds may be subject to additional and different risk factors.

## **Item 9. Disciplinary Information**

Sadrian Bowman and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Item 10. Other Financial Industry Activities and Affiliations**

Sadrian Bowman Capital Management LP has been appointed to manage the Funds and will also provide global marketing services for the Funds. This entity is the ultimate holding entity of the Funds and is wholly owned by the founding partners. It has appointed Sadrian Bowman to be the investment manager to the Funds.

Other than the businesses outlined above and participated in on behalf of Sadrian Bowman, the founders do not hold any other current directorships or relevant outside business interests.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Sadrian Bowman has implemented a written Code of Ethics which includes personal securities trading policies and procedures as well as addressing the giving and receipt of gifts and entertainment, the participation in outside business activities, and political contributions by the Firm's employees. The personal trading policy imposes a prohibition on personal account trading in commodities, subject to a limited number of exemptions, for all employees, immediate family members and for any accounts in which the employees have a direct or indirect beneficial interest.

The prohibitions apply to physical commodities; spread bets, contracts for differences, futures, options and similar instruments or derivatives which give exposure to underlying commodities, including Exchange Traded Funds (ETFs). Personal account trading in other financial instruments or products is permitted, subject to pre-clearance and reporting requirements.

A copy of Sadrian Bowman's Code of Ethics is available upon request.

## **Item 12. Brokerage Practices**

### The Selection of Trading Counterparties

The Funds will be trading almost exclusively in exchange traded commodities; hence counterparty risk is a much cleaner question than for most funds. It becomes an issue of exchange credit risk, where unencumbered cash is held and OTC accounts. By design exchange credit risk is pooled across all members of the exchange with in-build protection and guarantee structures, we view this as a low risk, unavoidable and not possible to mitigate further. Unencumbered cash will not be held at our Prime Brokers, but at a custodian bank with Northern Trust. In addition, OTC counterparties have been chosen as tier 1 names in the market, collateral is held in segregated accounts, and excess margin will be swept out of the accounts regularly.

### Aggregation and Allocation of Trades

Sadrian Bowman currently only has one client mandate and so does not aggregate trades. In the event that further mandates are accepted then Sadrian Bowman will develop procedures ensuring the fair allocation of aggregated transactions between its clients, including how the volume and price of orders determines allocations and the treatment of partial executions.

### Soft Dollar Benefits

Sadrian Bowman has not currently entered into any Soft Dollar or Commission Sharing Arrangements.

### Trade Errors

It is the Firm's policy to bear the loss of any dealing errors, which are the fault of the Firm, which exceed the materiality threshold of 10 bps per account managed by the Firm. Client Accounts (which include the Fund(s) managed by the Firm and any additional managed account or other clients from time to time) will be reimbursed as soon as practicable following the identification of such an error. There is a risk that the Firm incurs a material loss because of a dealing error and should this scenario occur then it is likely the Firm's insurance policy will be relied upon to reimburse the client(s). To the extent that Sadrian Bowman can demonstrate that a broker was partly or entirely responsible for a trade error, that executing broker may be asked to bear part or all of the cost of the error.

### Best Execution Reviews

Sadrian Bowman acts in the best interest of its client(s) when placing orders with other entities for execution. To ensure that the Firm takes all reasonable steps to obtain the best possible result for its client(s) it has considered the relative importance of the execution factors. These, in order are:

- price;
- cost;
- speed;
- size and or nature of the transaction; and
- likelihood of execution and settlement.

Sadrian Bowman primarily deals in liquid derivatives in relatively small volume. It has, therefore, been concluded that price will be the primary factor when considering which broker to use.

The Firm has also adopted an approved broker list and client transactions may only be executed through parties which have been pre-approved. The Management Committee which is comprised of Luke Sadrian, Andrew Bowman and Stuart Atkinson) is responsible for approving brokers (and their terms of engagement) used by the Firm which is reviewed on a regular basis. Brokers may only be “approved” with the consent of the Management Committee, which will consider factors including, but not necessarily limited to: credit and counterparty risk; the level of service; and the markets covered.

On a quarterly basis, the Firm will undertake a review of the performance of each approved broker and, in consultation with the Management Committee, determine the appropriate level of commission to be paid to the brokers. On an ongoing basis, the performance of the Firm’s brokers is monitored by the traders and where a trader is unhappy with the level of service being provided, he/she shall raise it with the Management Committee who will consider removing the broker from the approved list.

The Firm undertakes a review of its best execution policy and procedures on at least an annual basis to ensure it still facilitates obtaining the best possible result for its clients.

#### Client Referrals

Sadrian Bowman does not explicitly compensate any broker/dealer or counterparties for referring potential investors to the Funds, but may receive capital introduction services from its Prime Brokers as part of the agreement.

### **Item 13. Review of Accounts**

#### Portfolio Review

Sadrian Bowman’s investment staff is continuously monitoring the Funds’ portfolio. On a daily basis a tri-party reconciliation of all positions and cash is undertaken by Sadrian Bowman, the Funds’ Administrator and the Prime Brokers to ensure accurate records of the Funds’ assets are maintained. On a monthly basis, the Risk Committee (which comprises of Luke Sadrian, Andrew Bowman and Stuart Atkinson) chaired by Stuart Atkinson will review portfolio performance, size and composition against the mandates contained in the Funds’ offering memoranda to ensure compliance of the investment strategy with the representations made to investors. In addition to these internal reviews undertaken by Sadrian Bowman, the Funds are also overseen by an independent Board of Directors (“Board”), which meets quarterly to discuss the operations of the Funds. Finally, on an annual basis a financial audit of the Funds is undertaken by an independent auditing firm.

#### Investor Reporting

All investors in the Funds will receive a monthly statement detailing the investor’s holdings and value, including the official NAV for each holding’s share class from the Funds’ administrator. On an annual basis, all investors will receive a copy of the audited financial statements for the Funds. In addition, Sadrian Bowman will send all investors a quarterly investor letter which is

intended to provide investors with more comprehensive details on investment outlook and positioning for the Funds during a given quarter.

#### **Item 14. Client Referrals and Other Compensation**

The Firm does not compensate any third parties for solicitation of potential investors in the Funds.

However, as previously mentioned, Sadrian Bowman may utilize capital introduction services provided by the Prime Brokers to the Funds, but does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

#### **Item 15. Custody**

All assets of the Funds are physically held in custody by the Prime Brokers or the Funds' custodian bank, which are unaffiliated broker/dealers and/or banks. However, by virtue of its relationship to the Manager of the Funds, the Firm is deemed to have custody over the assets of the Funds. In compliance with the custody provisions of the Advisers Act, the Funds are audited annually in accordance with US GAAP and the audited financial statements are distributed to all investors in the Funds within 120 days of the Funds' fiscal year end.

#### **Item 16. Investment Discretion**

Sadrian Bowman has complete investment discretion over the Funds' accounts, but is guided by the investment mandates and restrictions outlined in the private placement memoranda for the Funds. Investors may not place additional restrictions or mandates on the management of the Funds. Any investment guidelines or restrictions for managed accounts are included in the investment management agreement.

#### **Item 17. Voting Client Securities**

Sadrian Bowman does not invest in equity securities and therefore the voting of client securities is not applicable to Sadrian Bowman's advisory business.

#### **Item 18. Financial Information**

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