

# Poet Advisors LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Poet Advisors LLC ("Poet") and its relying advisers Poetic Group LLC and 10 Northeast II LLC ("Relying Advisers"). If you have any questions about the contents of this brochure, please contact us at (212) 643-8999 or by email at: [adam.berkowitz@poeticgroup.com](mailto:adam.berkowitz@poeticgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Poet and its Relying Advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Poet Advisors LLC's CRD number is: 161052*

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*Registration does not imply a certain level of skill or training.*

June 2018

## Item 2: Material Changes

There are no material changes in this brochure from the last annual updating amendment of Poet Advisors LLC since last annual amendment on March 26, 2018.

While not a material change, it should be noted that Poet Advisors LLC has added its Relying Advisers, Poetic Group LLC and 10 Northeast II LLC to the disclosure in this brochure. The Advisers has also made non-material updates and revision to disclosures throughout the brochure.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Poet Advisors LLC (“Poet”) is a Limited Liability Company organized in the state of New York. Poet was formed in September of 2009, and the principal owner is Adam Berkowitz.

10 Northeast II LLC (“10 Northeast II”) is a Limited Liability Company organized in the state of New York. 10 Northeast II was formed in May of 2017, and the principal owner is Samuel Mark.

Poetic Group LLC (“Poetic”, Poet and 10 Northeast II, are each an “Adviser” and collectively are referred to as the “Advisers”) is a Limited Liability Company organized in the state of New York. Poetic was formed in February of 2018, and the principal owners are Adam Berkowitz and 10 Northeast II LLC.

### B. Types of Advisory Services

The Advisers offers the following services to advisory clients:

#### *Investment Management Services*

The Advisers manage pooled investment vehicles (“Funds”) (the Funds are collectively referred to as “Advisory Clients”), that invest in CMO securities, specifically non-agency RMBS. The Advisers offer ongoing portfolio management services to its clients based on their goals, objectives, time horizon, and risk tolerance. The Advisers create an investment policy statement for each Advisory Client, which outlines the current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio. The Advisers will have discretionary authority from the Advisory Clients to select securities and execute transactions without permission prior to each transaction. Risk tolerance levels are documented in the investment policy statement, which is given to each Advisory Client.

#### *Performance Based Fees*

Qualified investors in the Funds may have a percentage of distributions paid to the Adviser which represents a performance fee based on net profits above a hurdle rate.

### *Services Limited to Specific Types of Investments*

The Advisers generally limit their money management to fixed income, debt securities, and other claims and liabilities. The Advisers may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

The Advisers offer the same suite of services to all Advisory Clients. However, specific plans and their implementation are dependent upon the investment policy statement which outlines each Advisory Client's current situation (income, tax levels, and risk tolerance levels), or in the Investment Advisory Agreement, and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

The Advisory Clients may not impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

The Advisers do not participate in any wrap fee programs.

### **E. Amounts Under Management**

The Advisers have both discretionary and total assets under management of approximately \$172,900,000. The Advisers do not manage any non-discretionary assets.

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### *Investment Management Services Fees*

Total Assets Under Management	Annual Management Fee
All Investor Committed Capital	1.00%

Management Fees depend upon the Advisory Client, and the fee schedule is disclosed to each client in an Investment Management Agreement between the Advisor and the Advisory Client as well as the Operating Agreement or Limited Partnership Agreement (collectively, "Governing Documents"), as the case may be, of the Funds. Management Fees accrue monthly in advance and no refunds are provided. While provisions vary among the Advisers' Investment Management Agreements, generally Clients may not terminate their accounts except with cause.

### *Performance Based Fees*

Qualified investors in the Funds are charged an asset-based management fee on all assets under management and have a percentage of distributions allocated to the Fund's General Partner, which represents a performance-based fee of 20% of net profits above a hurdle rate.

## **B. Payment of Fees**

### *Payment of Investment Management Fees*

Management Fees are withdrawn directly from the **Advisory Clients'** accounts with written authorization of the client. Management Fees accrue monthly in advance, at the rate or rates indicated in the Governing Documents, and are drawn by the Advisers periodically after they accrue.

### *Payment of Performance Based Fees*

Performance-based fees are allocated directly to the General Partner of the Fund when realized.

## **C. Clients Are Responsible For Third-Party Fees**

Advisory Clients are generally responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) and investment-related expenses. Those fees are separate and distinct from the fees and expenses charged by the Advisers. Please see Item 12 of this brochure regarding broker/custodian practices.

## **D. Prepayment of Fees**

The Advisers do not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither the Advisers nor any supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Qualified investors in the Funds are charged an asset-based management fee of 1.00% on all assets under management and a performance-based fee of 20% of net profits above a hurdle rate. The Advisers maintain best execution practices and uphold their fiduciary duty to all Advisory Clients.



## **Item 7: Types of Clients**

The Advisers generally provide management services to Funds that invest in CMO securities.

### ***Minimum Account Size***

There is a Fund investment minimum of \$500,000, which may be waived by the General Partner or Managing Member of the Fund at its sole discretion.

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

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

#### ***Methods of Analysis***

The Advisers' methods of analysis include underwriting non-agency RMBS bonds based on modeling of cash flows using constant prepayment rate, constant default rate, and loan severity assumptions.

#### ***Investment Strategies***

The Funds will be primarily engaged in investments in non-agency RMBS bonds and other assets, claims, debts, and rights associated with such securities. The Funds will also be permitted to invest in cash equivalents, short-duration bonds, and hedging instruments to the extent it deems such investments advisable. The Funds will acquire RMBS that in the judgment of the Advisers offer a balance of risk and return when accounting for the underlying risk characteristics of the mortgages and the mix of RMBS in the Funds' portfolios.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Material Risks of the Investment Strategy***

##### **Market Risk**

The market for securities may be influenced by many factors, such as global capital markets, regulatory initiatives, and technological developments. In particular, the Fund's investment

in the securities will be subject to a risk of market interest rate fluctuations, which may cause rise or fall of the securities price. When interest rates rise in the market, the market price of debt securities decreases, and vice versa.

### **Leverage Risk**

The Funds intend to finance the Funds' investments by borrowing against them through term loans, repurchase agreements and re-securitization trusts. This means that, effectively, the Funds may choose to encumber the investments in exchange for proceeds, which may be used to purchase more investments. Such leverage increases the potential return of the portfolio by increasing the portfolio size. However, if the value of the investments held by the Funds were to fall, the Funds could lose all or part of the value of such investments. Additionally, such financing arrangements may require payments of interest, reducing the cashflow of the portfolio and impairing the performance of the Funds.

### **Joint Financing Facilities**

The Funds have entered into two, and may in the future enter into additional, joint financing arrangements whereby a single financing arrangement is jointly used by the Funds to finance the Funds' investments. Such joint financing arrangements may entail the use of a special purpose entity ("SPV") which, depending on the type of such joint financing arrangement, may be managed by Poet or one of the other Advisers. The two existing joint financing arrangements are a re-securitization and a long term repo facility. Under the terms of the existing re-securitization, each of the Funds contributed or sold RMBS to a re-securitization trust in exchange for such Fund's pro rata share of the purchase price or financing proceeds (in the form of cash and subordinated certificates issued by the re-securitization trust). Under the terms of the existing long term repo facility, each of the Funds sold RMBS to a Poet-managed SPV that on-sold such RMBS to a third party lender in exchange for such Fund's pro rata share of the purchase price or financing proceeds. Under these two joint financing facilities, each Fund is obligated, on a full recourse basis, to fund its proportionate share of repayment of principal, interest and, in the case of the long term repo facility, margin, if any, subject to true-up agreements, as described below. Initial allocation of the purchase price or financing proceeds among the Funds was based on (x) in the case of the re-securitization, model cash flows for each RMBS sold or financed in such facility, and (y) in the case of the long term repo facility, market value determinations provided by the lender in such facility.

With respect to each of the existing joint financing facilities, the Funds have entered into a true-up agreement to ensure that each of the participating Funds ultimately receives its fair share of the purchase price or financing proceeds based on the actual cash flow contributions of the respective RMBS that each Fund financed in such facility. Under each true-up agreement, to the extent that actual cash flows from the RMBS financed by a particular Fund are less than its initial pro rata share of the purchase price or financing proceeds, that Fund will pay the amount of excess proceeds that were allocated to it to the Funds whose initial allocation was less than a pro rata share that is commensurate to the actual cash flows from the RMBS financed by such Funds.

Under the terms of the long term repo facility, in the event that any participating Fund fails to honor its obligations (e.g., to satisfy a margin call), the other participating Funds may (but are

not required to) cure such failure in order to prevent a default that otherwise could result in the loss or liquidation of the RMBS sold by all the Funds under that facility. In that case, the performing Funds will be subrogated to the rights of the SPV against the defaulting Fund and the defaulting Fund will be obligated to reimburse the performing Funds.

**See Item 11.B. below for disclosure of conflicts of interest that might arise in connection with the existing joint financing facilities.**

### **Taxation and Legislation Risk**

Any legislation or regulation concerning debt securities or any changes in taxation policy of relevant jurisdictions may affect the attractiveness of the investments acquired by the Funds. Such changes may also reduce liquidity and/or price of the investments.

### **General Investment Risks**

An investment in the Funds described herein is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other governmental agency. The Advisers' net asset value, yield, and total return will fluctuate based upon changes in the value of its portfolio. The Advisers' investment strategies do not represent a complete investment program and there is no assurance that the Advisers will achieve their Advisory Clients' investment objective.

Investors could lose money on their investment with the Advisers or in the Funds and investments made by the Advisers could under perform other investments due to, among other things, poor investment decisions by the Advisers.

### **Lack of Liquidity**

There is no public market for the securities of the Funds described herein, and no market is expected to develop for the securities in the future. Certain restrictions on transferability will preclude disposition and transfer of the securities of the Funds other than pursuant to an effective registration statement or in accordance with an exemption from registration under applicable securities laws.

### **Counterparty Risk**

The Advisers and the Funds are generally dependent on relationships with third parties and counterparties, including financial institutions with which the Advisers have agreements for the purchase of RMBS, or from which the Advisers may seek to borrow funds, as a means of managing and implementing its investment program, as well as relationships with consultants, agents, information providers, software providers, and certain other service providers. Errors or misconduct by such third parties and counterparties could have a material adverse effect on the Funds.

## **Financial Projections**

Financial projections concerning the estimated operating results of the Fund may be prepared by the General Partner. These projections would be based on certain assumptions which may prove to be inaccurate and which are subject to future conditions which may be beyond the control of the General Partner, such as fluctuations in interest rates, changes in global credit and derivatives markets, revisions to laws pertaining to the rating of corporate obligations, changes in local and national unemployment rates, variations in the local and national economy and occurrences of natural disasters or other such disasters. The Fund has a limited operating history. The Fund may experience unanticipated costs, or anticipated agreements or contracts may not materialize, resulting in lower revenues than forecasted. There is no assurance that the results that may be illustrated in financial projections would in fact be realized by the Fund. The financial projections would be prepared by the General Partner of the Fund and would not be examined or compiled by independent certified public accountants. Accordingly, neither independent certified public accountants nor counsel to the Fund could provide any level of assurance on them.

## **Cybersecurity Risk**

The information and technology systems of the Advisers and of key service providers to the Advisers and its Advisory Clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Advisers have implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Advisers to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Advisers and the Funds and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of the Limited Partners.

**Investing in securities involves a risk of principal impairment or total loss that you, as an Advisory Client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

**Fixed Income** securities are investments that guarantee fixed periodic payments in the future and may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

## **RMBS-Specific Risk**

RMBS are assets created from pools of individual residential mortgages. As such, they are susceptible to the risks inherent in the mortgage industry, including but not limited to the risks of: borrower default, foreclosure, prepayment rates, loan modification, loss severity on liquidated home sales, reduced collateral values, loan servicer errors, loan servicer advance

rates, government intervention, changes in servicing practices and lawsuits related to fraudulent mortgage creation. These risks, which may reduce the value of pooled residential mortgages and therefore of RMBS, are especially high in an economic environment in which housing prices fall resulting in an increasing number of defaults and lawsuits asserting fraudulent mortgage lending practices and defective foreclosure procedures. Such defaults and lawsuits would cause the value of the RMBS to fall and may lower the ability of the Funds to resell its RMBS investments. A decrease in the value or ability to resell RMBS could cause the Funds to lose money on its investment and could cause investors to lose money on their investment in the Funds.

Non-Agency RMBS to be purchased by the Fund are considered higher-risk, and typically have higher interest rates associated with them, than more highly-rated securities or residential mortgage-backed securities based upon Agency-guaranteed mortgages. The Funds will acquire RMBS that in the judgment of the Advisers offer a balance of risk and return when accounting for the underlying risk characteristics of the mortgages and the mix of RMBS in the Funds' portfolios.

The business of purchasing RMBS is highly competitive and fragmented, and competition from new and existing companies is expected to increase. Many of these competitors are larger and more established and may have substantially greater financial, technological and other resources than the Funds. There can be no assurances that the Funds will be able to compete successfully against current or future competitors or that competition will not have material adverse effect on the Funds' business or financial condition.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as an Advisory Client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

#### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither the Advisers nor their representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

#### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither the Advisers nor their representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither the Advisers nor their representatives have any material relationships to this advisory business that would present a possible conflict of interest.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

The Advisers do not utilize nor select other advisers or third-party managers. All assets are managed by the Advisers.

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

#### **A. Code of Ethics**

The Advisers have a written Code of Ethics to which all access persons of Poet and its Relying Advisers are subject, and which covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

Employees may have and make personal investments in certain Funds. Further, the Advisers may trade, on behalf of Advisory Clients, securities in which they or a related person to the Advisers has previously obtained a material financial interest.

The principal of Poet has invested for himself and for family trusts in each of the Funds, with the largest ownership interest in two of the Funds participating in the two existing joint financing facilities described in Item 8.B. above. That ownership interest could motivate the Advisers to allocate the purchase price or financing proceeds or take other actions more to the benefit of those two Funds than the other participating Funds in which such ownership interest is less. To address this potential conflict of interest, as noted above, the process for allocating proceeds from each of the existing joint financing facilities is based on an objective allocation method: (i) initial allocations are based on model cash flows for each RMBS sold or financed (in the case of the re-securitization) or on market value determinations provided by the lender (in the case of the long term repo facility) and (ii) in both cases, final allocations are based on the actual cash flows from each RMBS sold or financed.

A further conflict of interest exists in connection with the joint financing facilities. Specifically, any Performance-Based Fees will increase as a result of each joint financing facility since performance fee calculations are based on total assets invested, including borrowed capital. By contrast, Management Fees are calculated based on called capital contributions. As a consequence, the Advisers have an incentive to maximize financing opportunities to the possible detriment of the participating Funds. Mitigating that conflict of interest is the personal ownership interest of the Advisers' principal and other employees as well as practical limits placed on the Advisers by each Fund's constituent documents concerning the amount of borrowing that can be done with the RMBS in such Fund's portfolios.

### **C. Investing Personal Money in the Same Securities as Advisory Clients**

From time to time, representatives of the Advisers may buy or sell securities for themselves that they also recommend to Advisory Clients. This may provide an opportunity for representatives of the Advisers to buy or sell the same securities before or after recommending the same securities to the Advisory Clients resulting in representatives profiting off the recommendations they provide to the Advisory Client. Such transactions may create a conflict of interest. The Advisers will remain mindful of any transactions that could be construed as presenting material conflicts of interest and will make accommodations to ensure that such conflicts or perceived conflicts do not adversely affect Advisory Clients.

### **D. Trading Securities At/Around the Same Time as Advisory Clients' Securities**

From time to time, representatives of the Advisers may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives

of the Advisers to buy or sell securities before or after recommending securities to Advisory Clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. The Advisers will remain mindful of any transactions that could be construed as presenting material conflicts of interest and will make accommodations to ensure that such conflicts or perceived conflicts do not adversely affect Advisory Clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodians, Stifel, JP Morgan, Bank of America / Merrill Lynch, Raymond James, and Odeon Capital, were chosen based on their relatively low transaction fees and access to the market for NARMBS. The Advisers will typically not charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

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

The Advisers do not currently engage in the use of soft dollars.

#### **2. *Brokerage for Client Referrals***

The Advisers receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

The Advisers will not allow Clients to direct them to use a specific broker-dealer to execute transactions.

### **B. Aggregating (Block) Trading for Multiple Advisory Client Accounts**

The Advisers maintain the ability to block trade purchases across accounts. Block trading may benefit a large group of Advisory Clients by providing the Advisers the ability to purchase larger blocks resulting in smaller transaction costs to Advisory Clients. Declining to block trade can cause more expensive trades for Advisory Clients.



## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Advisory Clients' accounts are reviewed at least monthly by Adam Berkowitz, Managing Member of Poet. Adam Berkowitz is the chief advisor and is instructed to review accounts with regards to their investment policies and risk tolerance levels. All accounts at the Adviser are assigned to this reviewer.

### **B. Factors That Will Trigger a Non-Periodic Review of Advisory Client Accounts**

Reviews may be triggered by material market, economic or political events.

### **C. Content and Frequency of Regular Reports Provided to Advisory Clients**

Each Advisory Client and each investor in the Funds will receive at least monthly from the Advisers or the administrator of the Funds, a written report that summarizes the Client's account. A report on asset value will be provided annually once the third-party auditor reviews an account.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Advisory Clients (Includes Sales Awards or Other Prizes)**

The Advisers do not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Advisory Clients.

### **B. Compensation to Non – Advisory Personnel for Advisory Client Referrals**

The Advisers do not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

The Advisers, with written authority, have limited custody of some Advisory Clients' assets through direct fee deduction of the Adviser's Fees only. If the Advisory Client chooses to be billed directly by Stifel, JPMorgan, Bank of America / Merrill Lynch, Deutsche Bank, or Odeon Capital, and the Advisers would have constructive custody over that account and must have written authorization from the Advisory Client to do so. The Funds and their investors will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"), the Advisers and certain affiliated entities are deemed to have custody of the cash and/or securities of certain Funds. The Advisers and their affiliates are exempt from many of the requirements of the Custody Rule because (i) the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) each Fund distributes the Fund's audited financial statements to investors in such Fund within 120 days of the Fund's fiscal year end. The Advisers do not have custody with respect to its managed accounts of Advisory Clients.

## **Item 16: Investment Discretion**

The Funds have given the Advisers written discretionary authority over the accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the Funds prior to execution of the operative agreements and their investors prior to any investment in the Funds. Clients provide the Adviser discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and any custodian used for the client's accounts.

## **Item 17: Voting Client Securities (Proxy Voting)**

The Advisers accept authority to vote proxies for Advisory Clients' securities holdings. Investors may not direct proxy voting for particular solicitations, unless they have expressly reserved the right to do so.

The Advisers follows a proxy voting policy to ensure that proxies the Advisers vote, on behalf of each Advisory Client, are voted to further the best interest of the Advisory Client. The policy establishes a mechanism to address any conflicts of interests between the Advisers and its Advisory Clients. Further, the policy establishes how Fund Limited Partners or Advisory Clients may obtain information on how the proxies have been voted.

The Advisers will determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Advisers will vote proxies in a manner that they

believe reasonably furthers the best interests of Advisory Clients and Investors in the Funds and is consistent with the investment philosophy as set forth in the Funds Offering Documents and any investment management agreement between an Adviser and its Advisory Clients.

If a proxy vote creates a material conflict between the interests of an Adviser and an Advisory Client, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on its determination of the Advisory Client's best interest and was not the product of the conflict.

The Advisers will maintain records of (i) all proxy votes that are made on behalf of Advisory Clients; (ii) all written requests from Advisory Clients or Fund Limited Partners regarding voting history; and (iii) all responses (written and oral) to Advisory Client or Limited Partners' requests. Such records are available to Advisory Clients and the Fund Limited Partners upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

The Advisers do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore do not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Advisory Clients**

The Advisers have no financial conditions that are likely to reasonably impair their ability to meet contractual commitments to Advisory Clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

The Advisers have not been the subject of a bankruptcy petition in the last ten years.