

**Part 2A of Form ADV: FIRM BROCHURE**

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This brochure provides information about the qualifications and business practices of Zadig Gestion (Luxembourg) S.A. ("Zadig"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact us at 00 352 26 47 6301, or by email at: [pawelkowski@Zadig.lu](mailto:pawelkowski@Zadig.lu). This information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Zadig may also be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This cover page constitutes Item 1 to the Zadig firm brochure, Form ADV, Part 2A.

**Item 2: Material Changes.**

There have been no material changes made to the brochure since Zadig's last annual update, which was filed in June 2017, however Zadig has made some routine updates and clarifying changes to the brochure.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

- A. **OVERVIEW OF THE FIRM.** Zadig is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”), as amended, with its principal place of business in Luxembourg. Zadig is also a registered Management Company with the COMMISSION de SURVEILLANCE du SECTEUR FINANCIER (“CSSF”) in Luxembourg, where it is organized as a limited company in the Grand Duchy of Luxembourg. The principal owner of Zadig is Mr. Laurent Saglio.

Zadig was founded in June 2010 in Luxembourg, and as of the date of this brochure has been in business for over eight (8) years.

- B. **INVESTMENT SERVICES.** Zadig is an asset-manager in the alternative asset industry dedicated to equity strategies and asset allocation strategies and provides discretionary, continuous and active investment management services to retail and institutional investors (including high net worth individuals).

Zadig provides discretionary investment management services to clients which include pooled investment vehicles (the “Funds”) as well as separate account mandates, in each case generally intended for sophisticated and institutional investors (including high net worth individuals).

- C. **AVAILABILITY OF TAILORED SERVICES.** The investment guidelines for the Funds are defined in the organizational documents for each Fund and are tailored to the specific goals, objectives and operating guidelines of each Fund. The investment guidelines and objectives for the separate accounts are governed by the investment management agreement entered into between Zadig and each separate account.

- D. **WRAP FEE PROGRAMS.** Zadig does not participate in wrap fee programs.

- E. **ASSETS UNDER MANAGEMENT.** The amount of client assets managed by Zadig on a discretionary basis, as of 31st May 2018, was USD 1,842,099,648. Zadig did not manage any client assets on a non-discretionary basis as of 31st May 2018.

**Item 5: Fees and Compensation**

Zadig typically charges management fees (based on assets under management) as well as performance fees (based on investment appreciation) on the portfolios that it manages. Fees and compensation are described within the organizational and operating agreements for each client. Management fees are billed on a monthly or quarterly basis and performance fees on an annual basis. With respect to the Funds, fees are paid at the Fund level and may be charged only in arrears, in accordance with the specific terms of each offering.

**Management fees**

Investment management fees are calculated at every official Net Asset Value calculation, based on the total net assets value of the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents, accrued interest, and other expenses). They are paid on a monthly or quarterly basis. If a client’s investment management agreement is terminated, the fee payable to Zadig will be calculated based until the date of termination. These fees are not negotiable.

**Performance fees**

Zadig will be paid performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client or on relative performance comparing to a benchmark performance (such as a client that is a hedge fund or other pooled investment vehicle). This compensation is paid to Zadig and ranges from 10 to 20% (of performance, or over-performance if benchmark-related). Receipt of performance-based compensation is subject to a High Watermark. These fees are not negotiable.

**Fees payable by the Company to the Depositary Bank and Central Administration Agent**

For the provision of their services, the fees charged to the Funds by the Prime Brokers, Depositary Bank and the Central Administration Agent are defined in the agreements between the Funds and the related party. They are calculated on the average net assets of the relevant Fund. Such fees will be calculated quarterly on the basis of the average net assets of the Fund or Sub-Fund during the relevant quarter. Transaction fees are calculated on transaction value or number of transactions.

**Other Expenses**

The Funds bear all costs and expenses directly incurred in their operations including the following:

- all operational costs, including fees payable to accountants, any paying agent and permanent representatives in places of registration;
- all costs and expenses associated with other agents employed by the Funds, including fees for legal and auditing services, promotional activities, printing, reporting and publishing expenses, including the cost of advertising or preparing, printing and filing of prospectuses, explanatory memoranda or registration statements, and other documents required by law or regulations;
- all costs for the listing of the Shares of the Funds on any stock exchange, Regulated Market or Other Regulated Market and all other operating expenses, including the cost of buying and selling assets, interest, bank charges, brokerage and charges on transactions involving securities in portfolio, postage, telephone and telex;
- all taxes and duties which might be due on the Funds' assets or income earned by the Funds.

Each of the Funds will pay fees to its directors by way of remuneration for their services at the Fund.

In addition, all administration, custody, brokerage, and all other operating, organizational and offering expenses of a Fund are paid directly by such Fund.

The Funds shall bear their incorporation expenses, including the costs of drawing up and printing the Offering Memorandum, Prospectus, notary public fees, the filing costs with administrative and stock exchange authorities, and any other costs pertaining to the setting up and launching of the Funds.

The separate account clients bear all reasonable expenses, liabilities, charges and costs including, but not limited to, any brokerage charges, commissions, transfer fees, registration fees, exchange fees, settlement fees, and stamp duty, tax or other fiscal liabilities or any other transaction related expenses and fees arising out of transactions in the separate account incurred by Zadig.

The allocation of expenses by Zadig between it and any client and among clients represents a conflict of interest for Zadig. Zadig has adopted an expense allocation policy that is designed to address this conflict. Zadig allocates expenses to each client in accordance with the client's arrangements with Zadig (including

applicable client disclosures). Zadig seeks to allocate shared expenses for products and services benefitting Zadig and the client and not covered in the client's arrangements in a fair and reasonable manner. Zadig allocates common client expenses among multiple clients pro rata based on gross assets under management. Zadig may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

Neither Zadig nor any of its supervised persons receive any referral fee, commission or other similar compensation in connection with any sales or other investment products.

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

As previously noted in this brochure, Zadig generally receives performance fees with respect to each of its clients over which it exercises discretionary management authority.

Performance fees create a risk in that Zadig may cause a client to make investments that are more speculative than it would for a client with similar investment guidelines that does not have performance fees. Among the Funds, certain Funds or Sub-Funds may have different investment advisory fees than others, although those differences are generally very small. Nonetheless, those differences can also create the risk that Zadig may allocate more attractive investment opportunities to those Funds or Sub-Funds with greater investment advisory fees.

To mitigate the risks outlined above, each of the Funds or Sub-Funds has different investment guidelines and objectives and thereby do not compete with one another for the same investments. In addition, Zadig monitors the Funds and Sub-Funds for compliance with each Fund or Sub-Fund's investment guidelines and follows certain allocation policies. Under Zadig's allocation policies, if a particular investment is appropriate for several of the Funds or Sub-Funds, Zadig will apportion the investment in a manner determined to be in good faith to be fair. The apportionment will depend on the determination of all relevant factors, such as the Fund or Sub-Fund's investment objectives and cash availability.

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

Zadig currently provides discretionary investment management services to the Funds (including as a sub-manager to manage the portion of a Sub-Fund managed by another investment manager), as well as separate account mandates, in each case generally intended for sophisticated and institutional investors (including high net worth individuals).

Investors in the Funds or Sub-Funds include:

- Individuals, including high net worth individuals
- Investment companies, including mutual funds
- Pooled investment vehicles, such as hedge funds
- Insurance Companies
- Banks
- Trusts and estates

- Endowments, foundations, and other charitable organizations
- Corporations and other business entities
- Pension and profit sharing plans

Zadig generally imposes a minimum dollar value of assets for opening and maintaining an account. These minimums, however, are negotiable and may be waived or altered for certain investors. Fees and account sizes are subject to negotiation and may differ based on a number of factors. These factors may include the amount of assets and the number and range of supplemental advisory and client related services.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the organizational and operational agreements.

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

### **A. Methods of Analysis**

Zadig utilizes a variety of methods and strategies to make investment decisions and recommendations. Securities are chosen based upon a detailed due diligence process that uses a proprietary bottom up financial analysis via its in-house research. Zadig's in-house research consists of 100% proprietary models which allow Zadig not to rely on sell side models or recommendations. Included in the research is coverage of approximately 600 companies, 400 of which are permanently monitored, while the remaining companies are monitored for comparative purposes and opportunities analysis. The permanently monitored companies' median market cap is EUR \$5.0 billion.

Zadig cannot, and does not, guarantee that its efforts will be successful. Zadig cannot, and does not, guarantee that investing through any money manager will be successful. Investment in securities always entails a degree of risk that clients should be prepared to bear. This risk takes the form of a risk of loss of all of the moneys invested and the form of a risk of underperformance in comparison to other investments or market indices. Past performance is no guarantee of future results.

### **B. Investment Strategies**

Zadig offers a broad range of equity, alternative, and multi-asset investment approaches to its clients. Moreover, Zadig manages some clients relative to a benchmark and others to achieve absolute returns. Although Zadig has divided the following description into several categories, Zadig recognizes that as the capital markets have evolved, the lines between and among these categories have blurred. That process continues to occur, particularly through the growing use of derivative instruments, such as forwards, futures, options, and swaps, which Zadig may use in many of the approaches described below.

The following summary identifies the material risks related to Zadig's significant investment approaches and should be carefully evaluated before making an investment with Zadig; however, the following does not intend to identify all possible risks of an investment with Zadig or provide a full description of the identified risks. For additional information on the risks associated with a particular investment approach, as well as the types of investments it may hold, please review the applicable prospectus, offering memoranda, or other documents and/or contact Pierre Philippon as provided in Item C below.

*Equity*

Zadig manages a broad range of equity investment approaches, including long/short and traditional approaches designed to be “style-neutral” and look for investment opportunities in more than one capitalization category or across all capitalization levels. In addition, Zadig manages approaches that are global, multinational, or focused on particular geographic regions. Zadig manages diversified approaches invested across industry sectors. Zadig’s equity approaches may be based on fundamental research or may instead rely primarily on quantitative tools and techniques or technical analytical methods and strategies.

Investments in equity markets are subject to many risk factors, including risks arising from economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. In addition, the market value of equity securities will fluctuate in response to changes in currency values.

*Multi-Asset*

Zadig advises some clients on the allocation of assets among various asset classes and investment styles. These services range from the provision of strategic allocation studies that recommend adjustments to a client’s existing asset allocations, to active (or tactical) management of the asset allocation exposures within an account, to full discretion over both strategic and active asset allocation decisions for a client’s portfolio. Active multi-asset portfolios include diversified exposure to a range of asset classes.

Active asset allocation decisions may be based on fundamental research, quantitative, and/or technical analytical tools. Multi-asset accounts can invest in desired asset classes or sectors in a number of ways. Zadig may allocate a multi-asset account among various investment approaches that Zadig manages, including funds managed by Zadig, investing the account’s assets directly, or using a combination of these methods to gain the desired exposures.

Multi-asset accounts are subject to all of the risks associated with each of the underlying asset classes in which they are invested, as well as the risk that asset classes do not perform as expected.

**Additional Risks Relating to Zadig**

*Cybersecurity Risk.* The information and technology systems of Zadig and of key service providers to Zadig and its 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 Zadig has 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 Zadig 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 Zadig or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Risk Management Failures.* Although Zadig attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Zadig, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Zadig may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

*Systems and Operational Risk.* Zadig relies on certain financial, accounting, data processing and other operational systems and services that are employed by Zadig and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Zadig and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Zadig and third party service providers to safeguard information in these systems, Zadig, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Valuation of Portfolio Holdings.* There are various conflicts of interest in connection with the valuation of client assets, in particular, higher valuations of client assets may result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. In addition, inflated valuations may result in better performance which may assist in marketing for Zadig. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values.

#### C. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. There is no guarantee that a client will meet their investment goals.

Zadig employs a proprietary risk management approach. Given the concentration of Zadig's portfolios, general Sector/Country classification is not an accurate indicator for risk. Zadig therefore prefers a more granular approach to each investment and rely less on "bucket" analysis. Net exposure is managed in order to limit risk of macro/market rotation.

The cumulative effect of company specific risk and systemic risk of a domestic and/or global nature clearly imply that no investment is guaranteed. Zadig clients placing funds in our Funds do so with the full knowledge that loss of principal is a risk.

To mitigate risks, Zadig's Risk Committee is independent from its investment team and meets monthly to review market risks (exposures, liquidity, concentration, etc.) and operational risks (failed trades, process, systems, etc.). Only Risk Committee members have permission to modify Bloomberg AIM compliance systems. The Risk Committee conducts Loss Monitoring and flags any positions with a -1% relative contribution that requires the investment team to report on the matter in order to justify keeping the position. The Risk Committee reports directly to the board of directors of each Fund.

For information on the risks associated with your particular investment approach, please contact Pierre Philippon (+352 26 47 6305, [Philippon@zadig.lu](mailto:Philippon@zadig.lu)).

### **Item 9: Disciplinary Information**

This Item is not applicable.



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

- A. Zadig does not engage in activities requiring broker-dealer representation. Neither Zadig nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer.
- B. Neither Zadig nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither Zadig nor any of its management persons recommend or select other investment advisers for our clients.
- D. Zadig is a registered asset manager with the CSSF, having jurisdiction over Zadig's activities in Europe.

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

- A. Zadig follows a Code of Ethics ("Code") that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (the "Act"). A copy of Zadig's Code of Ethics is available to current and prospective investors upon request.

This Code establishes rules of conduct for all employees of Zadig and is designed to, among other things, govern personal securities trading activities in the accounts of supervised persons. The Code also includes safeguards designed to avoid conflicts of interests that could adversely affect our clients. In addition to requiring compliance with the applicable securities laws, the Code establishes policies and procedures designed to prevent the misuse of material, non-public information (including information regarding the Funds and investors in the Funds), and identifies activities that are either expressly prohibited or that require Chief Compliance Officer approval. Matters that could give rise to an appearance of impropriety, such as gift giving and solicitation, serving on boards of directors of public companies and political contribution payments and solicitation also require prior approval by the Chief Compliance Officer. The Code is based upon the principle that Zadig and its employees owe a fiduciary duty to the clients to conduct their affairs, including personal securities transactions, in such a manner as to avoid:

- Serving employees' own personal interest ahead of those of the clients,
- Taking inappropriate advantage of their position with Zadig, and
- Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

- B. Neither Zadig nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which Zadig or a related person has a material financial interest.

- C. Neither Zadig nor any of its related persons invests in the same securities (or related securities, e.g. warrants, options or futures) that Zadig or a related person recommends to clients.
- D. Neither Zadig nor any of its related persons recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Zadig or a related person buys or sells the same securities for Zadig's (or the related person's own) account.

Zadig's related persons may, and currently do, invest in Funds managed by Zadig. Such investments pose a risk that Zadig or individuals who are in a position to control the allocation of investment opportunities to Zadig's client accounts will favor those Funds in which Zadig's related persons invest, particularly in the case of limited opportunities (such as initial public offerings and private placements) or other investments that are otherwise subject to limited capacity. Zadig's procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts. Zadig's related persons have access to information that is not available to other investors in such Funds.

## Item 12: Brokerage Practices

- A. **TRADING.** As a fiduciary, Zadig places clients' interest first and foremost. Zadig's trading policies and procedures prohibit unfair trading practices and seek to avoid any conflicts of interest or resolve conflicts in the clients' favor. Zadig follows written policies and procedures for trade documentation, reporting of trade order status, resolution of trade errors, trade allocation, and trade aggregation. All Zadig employees must follow these policies and procedures which are tested by Compliance to ensure their effectiveness.
- B. **BROKERAGE DISCRETION.** Zadig has established accounts with various broker-dealers and attempts to initiate trades through those relationships when appropriate. Zadig may aggregate or block trades and 'step out' the trades to different broker-dealers to achieve best execution. Zadig maintains a list of active trading partners (i.e. counterparties) with whom Zadig may transact business.
- C. **BEST EXECUTION.** Zadig, as a fiduciary to its advisory clients, endeavors to seek best execution for client transactions, seeking to obtain not necessarily the lowest commission cost but the best overall qualitative execution. Zadig adheres to the recommended practices within the CFA Institute Trade Management Guidelines, which provides investment management industry guidelines on trade execution. When determining best execution on a particular trade, Zadig considerations include but are not limited to price/yield competitiveness, execution capability and quality, commission rates, market impact, financial responsibility, operational efficiency, responsiveness to Zadig, knowledge of the relevant asset class/sector/specific security in which Zadig is transacting business, and other factors as deemed appropriate.
- D. **TRADE ALLOCATION.**

### *AGGREGATION:*

Zadig will only aggregate its orders in line with the following criteria:

- The aggregation of orders does not have a negative impact on Funds or customers whose orders are aggregated;

- The Best Execution Policy specifies how the volume and price levels determine allocations, as well as the treatment of partial execution;
- In a case of multiple orders, where an order is placed for more than one Fund, the related trades must be allocated in line with the Best Execution Policy; and
- In a case where Zadig aggregated the orders for any Fund with its own account and the aggregated order is only partially executed, Zadig will give priority to the Fund versus the proprietary trading. Nevertheless if Zadig is able to demonstrate that it could not execute the order on such advantageous terms (if at all) without the grouping of the order, it may allocate the transaction for its own account proportionally in accordance with any 'Best Execution Policy'.

To the extent an order is price-averaged, a client account participating in the trade may pay a higher price than if Zadig did not aggregate the order.

#### *ALLOCATION:*

The Regulatory Authorities, including the SEC under the requirements of the Investment Advisers Act of 1940, as amended, impose on investment advisers an affirmative duty to act in good faith for the benefit of their clients. An investment adviser may not allocate investments in such a way that the adviser's own (or affiliated) account(s) receives more favorable treatment than the adviser's client accounts. An adviser may also not engage in the practice of generally favoring some clients over others.

Zadig must utilize an established methodology for allocating transactions among its Funds. Because investment decisions frequently affect more than one account and sometimes more than one type of account, it is inevitable that at times it will be desirable to invest in the same transaction for more than one client account at the same time. Zadig's policy is to equitably allocate transaction investments among clients when feasible and appropriate over time.

To the extent that a portfolio manager seeks to acquire the same investment transaction at the same time for more than one client account, it may not be possible to divide the transaction among several accounts.

#### **Allocation Log**

Zadig's Portfolio Manager maintains an Allocation Log whenever there are two or more Funds with capital available to invest. It is available for review at Zadig's main office in Luxembourg upon receipt of reasonable advance notice by clients. The Allocation Log lists all investments approved by Zadig's Investment Committee (which Committee is responsible for all investment decisions of Zadig on behalf of all clients) and, at a minimum, includes the amount and type of investment, and a brief statement sufficient to identify the rationale for each allocation, i.e., non-compatibility or compatibility of each investment for each client with capital available to invest during the period.

Criteria for such allocation determination include the analysis of each client's stated portfolio objectives, diversification goals, investment strategy, tax considerations, cash position, and investment restrictions and guidelines (collectively, "Investment Criteria") with respect to the applicable proposed investment, including investment type, amount and other factors that may impact the performance of the investment, return requirements, timing of investment, and risk assessment. Zadig's policy is to allocate investment opportunities among various clients in a

manner (i) consistent with each client's Investment Criteria and (ii) which Zadig believes to be fair and equitable to each client over time. Allocation determinations shall not favor Zadig to the detriment of a client and shall not take into consideration differences in the compensation paid to Zadig by reason of designating an investment for the portfolio of one client rather than another client.

The Allocation Log shall be reviewed periodically, but not less than annually, by the CO to insure compliance of Zadig's investment allocation decisions with this Allocation of Investments Policy.

### **Allocation Procedures**

In the event Zadig seeks to make an investment, the initial determination as to the suitability of such investment for Zadig's Clients based on the Investment Criteria of each client and the other factors set forth above is made by Zadig's Portfolio Manager(s). Such initial determination is then presented to Zadig's Investment Committee (or a subcommittee thereof charged with overseeing this Allocation Policy) for confirmation and approval or, if appropriate, modification. If the Investment Committee (or such subcommittee) determines that the proposed investment is suitable for more than one client and the relative degrees of concordance of such investment with the Investment Criteria of such clients are not readily ascertainable by the Investment Committee (or such subcommittee), then such investment shall be allocated to the client with funds available to invest that has gone the longest without making an investment. Once an investment is made by a client, such client shall automatically rotate to the bottom of a rotation list (i.e. a list that includes all clients that have funds available to invest that is ordered based on time outstanding since their last investment). If such client has the right to decline such allocated investment opportunity and does so decline such opportunity, then (i) such client shall rotate to the bottom of the rotation list as if it had made such investment and (ii) such investment shall be allocated to the second client on such rotation list.

### **Modification of Allocation Procedures**

Allocation methods may be modified when common sense dictates that strict adherence to the usual allocation is impractical or leads to inefficient or undesirable results. Such modifications will be made only with the full consensus of the Portfolio Manager(s) and the Investment Committee.

### **Operating Procedures and Compliance Review for Investment and Allocation**

1. The portfolio manager(s) are primarily responsible for making investment and allocation decisions in accordance with Zadig's investment and allocation policies.
2. Zadig's Investment and Allocation policies must be fully disclosed to clients in Zadig's Form ADV, advisory agreements, prospectus and/or private placement memoranda for each Fund managed by Zadig.
3. The portfolio manager(s) and the relevant individual advisors will maintain precise books and records for each investment and allocation.
4. The CO will review investments and allocations monthly to determine whether portfolio managers are treating Zadig's clients fairly and equitably. The CO will also, if needed, recommend changes to Zadig's practices. Upon recommendation of the CO, Zadig may amend its investment and allocation policies and procedures in the future.

- E. **SOFT DOLLARS.** The SEC has defined soft dollar practices as “arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer.” Advisers may use commissions to purchase brokerage and research services without violating their fiduciary duty to obtain best execution for clients; however, the adviser must determine in good faith that commissions are reasonable in relation to the value of the brokerage and research services obtained.

Brokerage and research services allowed under soft dollar arrangements include: (a) furnishing advice about the value of securities, the advisability of buying or selling securities, and the availability of securities or buyers or sellers of securities; (b) furnishing analyses and reports about issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (c) effecting securities transactions and performing functions such as clearance, settlement, and custody.

Zadig does not presently have any soft dollar arrangements with any broker that executes transactions for Zadig clients.

- F. **REFERRALS.** Zadig does not consider referrals when selecting brokers to execute client transactions.
- G. **DIRECTED BROKERAGE ARRANGEMENTS.** Zadig does not have any directed brokerage arrangements.

### **Item 13: Review of Accounts**

- A. **ACCOUNT REVIEWS.** Zadig monitors the performance and investments of its clients on a daily basis. The account reviews are performed by a portfolio manager or a designee. Reviews are triggered by various factors including portfolio model changes, changes in client investment objectives, account deposits and withdrawals and volatile markets.
- B. **CLIENT REPORTING.** Clients receive account statements from their custodian at least quarterly. These statements should be reviewed carefully as they are the official records for your account. If you request monthly or quarterly reporting from Zadig, you should compare the statements received from your custodian with the reports Zadig sends to you.

All clients are provided any ad hoc information or reports that are reasonably requested as well as updates on the operations of Zadig.

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

- A. No person, who is not a client of Zadig, provides an economic benefit to Zadig from providing investment advice or other advisory services to Zadig’s clients.
- B. Zadig retains the services of one or more placement agents to market our Funds from time to time. In general, such placement agents are paid a success fee amounting to a percentage of capital placed as a result of the placement agent’s efforts. Some agents may be paid a monthly retainer that is offset by said success fee. Such fees are paid by Zadig and not the Funds. In no cases are such payments made if in violation of any applicable rule or regulation. To the extent required, placement agents have entered into a written agreement with Zadig, pursuant to which the

placement agent will provide each prospective client with a copy of Zadig's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the placement agent and Zadig and any fees to be paid to the placement agent. Where applicable, cash payments will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

### **Item 15: Custody**

All client assets are maintained with qualified custodians such as banks or registered broker-dealers. Clients receive account statements from their custodian at least quarterly. These statements are considered to be the actual books and records of your account and should be reviewed carefully.

Zadig does not have custody of any client funds. Zadig has executed custody agreements with Pictet & Cie (Europe) S.A. and J.P. Morgan Bank Luxembourg S.A., among others, as custodian for the Funds.

### **Item 16: Investment Discretion**

Zadig provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitation clients may place on Zadig's discretionary authority. Prior to assuming discretion in managing a client's assets, Zadig enters into investment management agreements and operating agreements that set forth the scope of Zadig's discretion. The terms of the investment management agreements entered into between Zadig and the Funds in some cases grant Zadig full discretion to make investments on behalf of the Fund subject to investment guidelines that may be established by the clients and incorporated in the Funds' documentation. As a result, subject to such guidelines and established limits, Zadig may determine which assets to purchase, when to sell the assets and how to manage the assets, including decisions related to capital improvements and leverage on the assets. In other cases, Zadig does not have full discretion to make investments on behalf of the Fund but instead makes recommendations to the Fund and its investors who then must approve each investment prior to Zadig taking action. The Fund documentation, including each Fund operating agreement, describes in each case the extent to which Zadig has discretion over the investment decision.

### **Item 17: Voting Client Securities**

The economic and social situation of the companies in which the Funds are invested is monitored daily by the management committee, with the assistance of Zadig Asset Management LLP. Zadig also relies on Prime Brokers and Custodians to notify Zadig of any corporate action raised relating to the payment of dividends so that Zadig is able to act on any of these issues in the best interest of the unitholders.

In order to participate in the meetings of all the Companies in Portfolios, Zadig signed a Proxy Voting Services agreement with Institutional Shareholder Services Europe S.A. ("ISS").

The services covered by ISS include, but are not limited to:

- Access to the ISS ProxyExchange web-based voting and research platform to access vote recommendations and research reports;
- On the platform, Zadig is able to execute voting instructions for every meeting of a Company in Portfolios;

- ISS implements the voting instructions by gathering all the required information and sending final instructions to the Prime Brokers and/or Custodians.

Zadig uses the research reports provided by ISS and advice from Zadig Asset Management LLP to implement the voting instructions for every Company so as to be in the best interests of Zadig's clients.

Information on Zadig's voting rights strategy, if any, is held at Zadig's registered address and can be obtained upon request by investors. It is also on the company's website, [www.zadig.lu](http://www.zadig.lu).

Zadig shall manage its proxy voting according to the following policies.

Upon request by a client, Zadig will vote proxies based on Zadig's reasonable judgment of that vote most likely to produce favorable financial results for the client. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, Zadig will consider both sides of each proxy issue. Consistent with Zadig's paramount commitment to the financial investment goals of its clients, social considerations will not be considered absent contrary instructions by a client.

Conflicts of interest between Zadig or a principal of Zadig and Zadig's clients in respect of a proxy issue conceivably may arise. If Zadig determines that a material conflict of interest exists, Zadig will take necessary steps to resolve the conflict before voting the proxies. For example, Zadig may disclose the existence and nature of the conflict to the client owning the securities, and seek directions on how to vote the proxies; Zadig may abstain from voting, particularly if there are conflicting client interests (for example, where client accounts hold different client securities in a competitive merger situation); or take other necessary steps designed to ensure that a decision to vote the proxy is in the client's best interest and was not the product of the conflict.

Zadig keeps certain records required by applicable law in connection with its proxy voting activities for certain clients and shall provide proxy voting information to such clients upon their written or oral request. Clients may obtain a copy of Zadig's proxy voting policies and procedures and information about how Zadig voted a client's proxies on Zadig's website ([www.zadig.lu](http://www.zadig.lu)).

## **Item 18: Financial Information**

This Item is not inapplicable.

## **Item 19: Requirements for State-Registered Advisers**

Zadig has registered with the SEC and is not required to be registered at the State level.