

**Item 1: Cover Page**

# **Sandglass Capital Management Limited**

Form ADV Part 2A

Firm Brochure

**October 26, 2018**

This document (the “Brochure”) provides information about the qualifications and practices of Sandglass Capital Management Limited (“Sandglass” or the “Firm”), an investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply that Sandglass or its employees possess a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Please contact Sandglass if you have any questions about the contents of this Brochure.

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

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## **Item 2: Material Changes**

This Brochure is Sandglass Capital Management Limited's initial Form ADV Part 2A. In future filings, any material changes will be outlined in this section of the document.

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#### **Item 4: Advisory Business**

Sandglass Capital Management Limited, a Cayman Islands exempted company, is a private investment management firm focused on making investments in emerging and frontier markets globally. The Firm was founded by its majority owner, Genna Lozovsky, in 2013.

Sandglass provides investment supervisory services to its advisory clients (the “Clients”), which currently consists of private investment funds (each a “Fund” or together, the “Funds”). Sandglass tailors its advisory services to the specified investment mandates of its Clients, consistent with the Client’s governing documents, which may include, among other things, a private placement memorandum, limited liability company agreement, management or investment advisory agreement, and/or subscription agreement (individually and collectively, the “Governing Documents”). Any client or prospective client should closely review the applicable Governing Documents with respect to, among other things, the terms, conditions and risks of investing. The Firm may in the future provide investment advisory services to other private investment funds, employee and co-investment vehicles, other alternative investment vehicles, and separately managed accounts.

Sandglass commenced operations in February 2013, and has offices in New York, Grand Cayman, London and Moscow.

As of September 30, 2018, Sandglass managed approximately \$176,000,000 in regulatory assets under management on a discretionary basis.

Sandglass does not participate in wrap fee programs.

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

In general, as compensation for investment supervisory services rendered to the Fund, Sandglass is paid a monthly management fee (“Management Fee”). In addition, Sandglass Opportunity General Partner Ltd., an affiliated entity that acts as general partner (the “General Partner”) to the Fund, receives an annual incentive allocation (“Incentive Allocation”) from Fund investors. Directly or indirectly, the Fund also bears additional expenses and fees attributable to the activities of the Fund or Sandglass incurred for the benefit of the Fund, including the costs of formation and ongoing operational and legal expenses, as set forth in the applicable Governing Documents. Investors should review the Governing Documents for details regarding fees, some of which are summarized below.

##### **Management Fees**

With respect to the Fund, the Management Fee annual rate is 1.75% of Fund net assets and is paid monthly in arrears. The Governing Documents allow the Firm or the General Partner to waive or agree to reduce the Management Fee for one or more investors without waiving or reducing it for all investors.

##### **Incentive Allocations**

The General Partner is entitled to receive an annual Incentive Allocation of 20.0% of Fund net profits, calculated and paid annually following the Fund’s fiscal year-end. Such potential Incentive Allocation is subject to a high-water mark, as outlined in the Governing Documents. The Incentive Allocation payable for any period other than a full fiscal year, in conjunction with investor subscriptions and redemptions that

take place throughout the year, may be proportionately adjusted to the extent provided for in the Governing Documents.

### **Payment of Fees**

The Fund's administrator, through a written agreement outlining the services provided to the Fund, deducts the Management Fees monthly and the Incentive Allocation annually and otherwise, all in arrears, from each Fund investor account as applicable. The administrator wires the proceeds of the Management Fee to the Firm and the proceeds of the Incentive Allocation to the General Partner.

Sandglass does not act in any capacity as a broker- dealer, and accordingly, does not receive any compensation for acting as a broker- dealer. In addition, neither Sandglass nor any of its employees accepts compensation for the sale of securities or other investment products, including asset- based sales charges or service fees from the sale of pooled investment vehicles. None of Sandglass, the General Partner, or any of their employees receives any compensation from the Fund other than the Management Fee and the Incentive Allocation.

For more information on brokerage activity, see Item 12.

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

As described under "Fees and Compensation" above, the Firm currently only advises the Fund whereby the General Partner may receive an Incentive Allocation based upon the performance of the Fund. Performance-based compensation may create an incentive for the Firm to cause a Client to make investments that are riskier and more speculative than it would otherwise make. If the Firm were to provide advisory services to more than one Client in the future, performance-based fee arrangements may also create an incentive to favor higher performance fee paying Clients over other Clients in the devotion of time, resources and allocation of investment opportunities. To manage these potential conflicts, the Firm maintains policies designed to treat all investors fairly and equitably and to prohibit allocation of investments to any Client on the basis that the General Partner, an affiliate of the Firm, has the potential to earn a higher Incentive Allocation.

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

Sandglass currently provides investment advisory services only to the Fund and may in the future provide investment advisory services to separately managed accounts. The investors participating in the Fund may include high net worth individuals, banks, insurance companies, pension and profit-sharing plans, trusts, estates or charitable organizations, educational and research institutions, corporations or other business or investment entities, and, directly or indirectly, the Firm, the General Partner, and their employees and other affiliates.

Interests in the Fund are offered pursuant to applicable exemptions from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). Investors in the Fund are required to be "accredited investors" and "qualified clients" as defined in the Securities Act and the 1940 Act, respectively.

Generally, the Fund has a stated minimum investment amounts as described in the relevant Governing Documents. The Firm typically has the discretion to waive minimum investment requirements for investment in the Fund.

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

The Firm seeks to manage its Clients in order to generate attractive absolute returns using a global special situations approach, focused on emerging markets that seeks opportunistic value investments offering an asymmetric upside-downside risk profile

The Firm's investment strategy focuses on seeking to identify investment opportunities that broadly fall into one of the following three themes: (i) asset price dislocation, wherein reputable assets suffer price dislocation due to an event shock and wherein the Manager believes that such prices vary excessively from such assets' fundamental value, (ii) turnaround and recovery, for investments that suffer from challenging macroeconomic conditions and/or difficult operational environment and in which market prices underestimate the potential for improvements, and (iii) growth, wherein companies are in rapidly-growing markets with the potential for sustained, secular returns and are underestimated by market prices.

This strategy may be deemed to be highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who can bear the risk of the loss of their entire investment and who have a limited need for liquidity. The Firm can give no assurance that its investment strategy will achieve its investment objective

### Risk of Loss

The following summary identifies certain material risks related to the Firm's investment strategy and should be carefully evaluated before making an investment. The following does not intend to identify all possible risks of an investment with the Firm or provide a full description of the identified risks.

- Market Risk – Any market, whether it involves stocks, bonds, or other asset classes, goes up and down as a result of overall market conditions. When markets go down, this can result in a decrease in the value of the Fund's long investments. When markets go up, this can result in a decrease in the value of the Fund's short investments. A collapse of financial markets can lead to extreme losses and is referred to as systemic risk.
- Equity Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of issuers of stocks change. If the Fund holds common stock, or common stock equivalents, of any given issuer, the Fund would generally be exposed to greater risk than if the Fund held preferred stocks and debt obligations of the issuer as common stock holders get paid last when a company fails.
- Fixed Income Market Risk – When investing in bonds, there is the risk that the bond issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When the Fund invests in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund, including equities, fixed income, commodities, and derivatives on such securities.
- Short Selling Risk – Short selling transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze"

can occur wherein an investor might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

- Liquidity Risk – High volatility and/or the lack of deep and active liquid markets for a security may prevent an investor from selling securities at all, or at an advantageous time or price, because there may be difficulty in finding a buyer. An investor may be forced to sell at a significant discount to perceived market value. Some investors (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage portfolios.
- Concentration Risk – Portfolios may from time to time be concentrated in a few securities, geographic region, or asset class. The value of a portfolio may vary considerably in response to changes in the market value of that individual security, region, or asset class.
- Foreign Investing and Emerging Markets Risk – Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values and adverse political, social, and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by other factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.
- Inflation, Currency, and Interest Rate Risks – Security prices and portfolio returns may vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of U.S. dollar-denominated assets may be affected by the risk that currency devaluations affect investor purchasing power.
- Legislative and Tax Risk – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in a government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations. In certain circumstances, an investor may incur taxable income on investments without a cash distribution to pay the tax that becomes due.
- Counterparty Risk – Counterparty risk is the risk that the counterparty to a transaction will not fulfill its contractual obligations. Should this occur, investors could potentially incur significant losses.
- Advisory Risk – There is no guarantee that the judgment or investment decisions made by the Firm about particular securities or asset classes will necessarily produce the intended results. The Firm's judgment may prove to be incorrect. In addition, it is possible that the Firm will fail to manage its business such that it can remain a going concern which would be disruptive to investors and could lead to a protracted delay in obtaining redemption proceeds.
- No Market for Limited Partnership Interests; Restrictions on Transfer - An investment in the Fund is

suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment and who understand that they may lose all or a significant portion of their invested capital. Investors must be willing to bear the economic risk of an investment in the Fund for an indefinite period of time. Interests in the Fund have not been registered under the Securities Act, the securities laws of any state of the U.S., or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the interests under the Securities Act or other securities laws will ever be effected. There is no public market for the interests and one is not expected to develop. An investor may not assign or encumber any interest in the Fund except with the prior written consent of the General Partner (which may be withheld in the General Partner's sole discretion), and subject to various other limitations.

- Investors Will Not Participate in Management of the Funds - The Firm will have the exclusive responsibility for the Fund's activities, including the management, day-to-day operations, and investment and disposition decisions for the Fund. Accordingly, an investor must rely upon the ability of the Firm in making, monitoring, and disposing of investments in a manner consistent with the Governing Documents. Investors will have almost no control over their investments in the Fund. Investors generally will not have the opportunity to approve investments or to independently evaluate the information that will be utilized by the Firm in the selection, management, or disposition of investments.
- Limited Access to Information - Investors' rights to information regarding the Fund are specified, and strictly limited, in the Governing Documents. In particular, it is anticipated that the Firm will obtain certain types of material information associated with investments that will not be disclosed to investors because such disclosure is prohibited by contractual, legal, or other obligations. Decisions by the Firm to withhold information may have adverse consequences for investors in a variety of circumstances. Decisions to withhold information also may make it difficult for investors to monitor the Fund's investment activities and its performance.
- Dependence on Key Personnel - The success of the Fund depends in substantial part upon the skill and expertise of the members of the Firm's management team. However, there can be no assurance that these individuals will continue to be associated with the Firm throughout the life of the Fund. The loss of one or more members of the Firm's management team or other key personnel could materially and adversely affect the Fund and the performance of its investments. The Firm may not be able to successfully recruit additional personnel, and any additional personnel that are recruited may not have the requisite skills, knowledge, or experience necessary or desirable to enhance the incumbent management.
- Co-Investment Opportunities - The Fund may co-invest in one or more investment opportunities ("Co-Investments") with one or more strategic investors, lenders, investors (or affiliates thereof) and/or other third parties ("Co-Investors") through joint ventures or other entities or through the acquisition of different real property rights and interests, in which Co-Investors in certain cases may have different or superior rights or interests to those of the Fund and its investors. The Fund may not have control or operating rights over certain of the Co-Investments and, therefore, may have a limited ability to protect its position therein or maximize the value thereof. In addition, the Fund's Co-Investments will be subject to typical risks in connection with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such Co-Investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. The Fund may also in certain circumstances be liable for the actions of Co-Investors. Investments made with third parties in joint

ventures or other entities or in different real property rights and interests may involve carried interests or promotion or other fees payable to such Co-Investors, thereby reducing potential distributions to the Fund. In addition, such Co-Investments may be made on materially different terms and conditions than those applicable to the Fund, and such different terms may be disadvantageous to the Fund or to any investor in the Fund participating directly or indirectly therein.

- **Cybersecurity Risk** – The Fund, the Firm, the General Partner, and third-party service providers are all subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons, and security breaches and usage errors by their respective professionals. A cybersecurity breach could expose the Fund, the Firm, and the General Partner to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity services, identity theft, unauthorized access to and use of proprietary information, litigation, the dissemination of confidential and proprietary information, and reputational damage), civil liability, and regulatory inquiry and/or action. While the Firm has established a business continuity plan and cybersecurity policy including risk management strategies, systems, and policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, and policies and procedures including the possibility that certain risks have not been identified. In addition, since the Firm does not directly control the cybersecurity systems of third-party service providers, there can be no assurance that the cybersecurity practices of these providers will protect the Fund, the Firm, or the General Partner from any potential breaches.

**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 Fund. Prospective investors should read the entire Form ADV, the Governing Documents, and all other accompanying materials provided by Sandglass before deciding whether to invest. In addition, as the Firm's investment philosophy develops and changes over time, an investment in the Fund may be subject to additional and different risk factors. Sandglass will promptly amend this Brochure if and when any information regarding its investment risks becomes materially inaccurate.**

## **Item 9: Disciplinary Information**

As a registered investment adviser, Sandglass is required to disclose all material facts regarding any legal or disciplinary events that could be considered material to an investor's evaluation of Sandglass in connection with making an investment in the Fund. This includes events associated with employees of Shoals.

At the current time, there are no reportable legal or disciplinary events regarding the Firm or its employees to disclose.

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

SAM Sandglass Advisors Limited, a limited company formed under the laws of Cyprus, Sandglass Capital Advisors (UK) Limited, a limited company formed under the laws of the United Kingdom, and Sandglass Capital Advisors LLC, a Delaware limited liability company (the "Sub-Advisers"), each of which are ultimately majority owned by Mr. Lozovsky, provide investment research and evaluation of potential investments to certain Clients pursuant to guidelines set out in Client Governing Documents, manage the



investments of certain Clients with a view to achieve the investment objectives, and within any restrictions, of Client Governing Documents and/or provide other administrative or management services, all of which are pursuant to contracts between each Sub-Adviser and the Adviser. The Adviser has agreed to pay each Sub-Adviser a commercially reasonable fee for these services and has agreed to reimburse certain of the Sub-Advisers' expenses incurred in providing the services to the Adviser. The Sub-Advisers do not recommend or select other investment advisers for its Clients. In addition, the Sub-Advisers do not have any other business relationships with other investment advisers.

Except to the extent necessary to perform its obligations to Clients, the Adviser and its management are not limited or restricted from engaging in or devoting time and attention to the management of any other businesses.

While the Adviser and each member of its management will devote such time as they, in their sole discretion, deem necessary to manage investments on behalf of the Clients, they may also work on other projects or businesses. Although unlikely, conflicts of interests may arise with respect to allocating management time among the Clients and other business interests. The Adviser shall resolve any conflicts that may arise in favor of the Clients.

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

The Firm has adopted a written "Code of Ethics" that is applicable to all of its employees. The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain reporting obligations and pre-clearance of any proposed purchase of any initial public or limited securities offering. Employees and their families and households may purchase investments for their own accounts subject to the terms of the Code of Ethics. Under the Code of Ethics, employees are required to file certain periodic investment account reports as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Firm detect and address potential conflicts of interest.

In the ordinary course of conducting the Firm's advisory activities, the interests of a Client will from time to time conflict with the Firm's interests and those of other Clients. The Firm will deal with all conflicts of interest using its best judgment, but in its sole discretion. In doing so, the Firm will consider various factors, including the interests of each Client with respect to the immediate issue and/or with respect to the longer term course of dealing among such Clients. When acting as a fiduciary, the Firm owes Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between the Firm and Clients; or between the Firm's employees and Clients. Where potential conflicts arise from its fiduciary activities, the Firm will take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that the Firm cannot avoid (or chooses not to avoid) are mitigated through written policies that the Firm believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment, discussed below – regulators have generally prescribed detailed rules or principles for investment firms to follow.

By complying with these rules, using robust compliance practices, the Firm believes that it handles these conflicts appropriately.

Employees may come into possession, from time to time, of material non-public or other confidential information ("MNPI") about public companies which might affect an investor's decision to buy, sell, or hold

a security. Under applicable law, the Firm and its employees are prohibited from improperly disclosing or using MNPI for their personal benefit or for the benefit of any other person, regardless of whether such person is an investor in the Fund or otherwise a Client of the Firm.

If an employee comes into possession of MNPI, the Firm would be prohibited from communicating such information to any Fund investor or other Client. The Firm will have no responsibility or liability for failing to disclose MNPI to any Fund investor or other Client as a result of following the Firm's compliance policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Firm employees serving as directors of public companies and may restrict investing that can take place on behalf of the Fund or other Client, including making an investment that the Fund or Client might otherwise make.

To the extent that Sandglass or its related persons invest in the same securities that the Firm or a related person recommends to a Fund, such practices present a conflict where, the Firm or its related person is in a position to trade in a manner that could adversely affect the Fund. In addition to affecting the Firm's or its related persons' objectivity, these practices by the Firm or its related persons may also harm the Fund by adversely affecting the price at which the Fund's trades are executed. The Firm has adopted the following procedures in an effort to minimize such conflicts: the Firm requires its related persons to preclear certain transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Fund. A Managing Member preclears the Chief Compliance Officer's transactions in his personal accounts. In addition, the Code of Ethics prohibits the Firm or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Firm's related persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent the Firm buys or sells securities for a Fund, at or about the same time that the Firm or a related person buys or sells the same securities for its own account, the Firm and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Firm or its related person to the detriment of the Fund.

The Code of Ethics details restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment by employees to and/or from, among others, current or prospective investors, government officials, and union officials.

Due to the potential for conflicts of interest, we have established procedures relating to political contributions which are designed to comply with applicable federal and state law. All employees are required to seek preapproval before making any political contribution.

Employees who violate the Code of Ethics may be subject to disciplinary actions including termination of employment. Employees are required to annually acknowledge compliance with the Code of Ethics.

A copy of the Code of Ethics is available by submitting a request to Sandglass' Chief Compliance Officer at [investor.relations@sandglasscapital.com](mailto:investor.relations@sandglasscapital.com).

In the future, there might arise instances where our interests conflict with the interests of Clients and/or Fund investors. We, our principals and our affiliates may engage in transactions with, provide services to,

invest in, advise, sponsor and/or act as investment manager to portfolio companies, investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of our Clients and that may compete with Clients for investment opportunities and that may co-invest with Clients in certain transactions.

In addition to entering into certain arrangements with certain strategic investors, a Client has and may in the future enter into agreements (“Side Letters”) with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more favorable than those set forth in a Client’s Governing Documents. For example, such terms and conditions may provide for: (i) special rights to make future investments in a Client, other investment vehicles or managed accounts; (ii) a reduction or rebate in fees or charges to be paid; (iii) rights for the investors to access deal flow that does not fit the strategy or objectives of certain Clients; (iv) access to co-invest in certain investments; (v) special information or reporting rights; (vi) the ability to opt out of certain types of investments; (v) consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable Client; (vi) additional confidentiality protections; (vii) the right to disclose certain information to underlying investors or to the public; and (viii) any other terms, whether economic, procedural or otherwise.

## **Item 12: Brokerage Practices**

### Broker Selection

The Firm considers a number of factors in selecting a broker-dealer to execute transactions. Such factors include net price, reputation, financial strength and stability, expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other brokers.

Brokers are selected based on the ability of the broker to provide best execution, as well as the following additional factors:

- The characteristics of the security to be traded,
- A brokerage firm’s general experience and capacity to execute block transactions while minimizing total trading costs,
- One aspect to best execution is the willingness and ability of a firm to provide proprietary research or third-party research services deemed valuable to the investment process.

### Other Relevant Factors

The Firm considers other circumstances such as size of the trade, timing of the execution, requirement of research, level of technology, and/or firm infrastructure in choosing brokers for the execution of trades.

### Soft Dollars

The Firm does not engage in “soft dollar” activity (the receipt of research and other services in exchange for transaction commissions that are deemed to be higher than are generally available). In the event that Sandglass chooses to utilize soft dollars in the future, and the Firm determines that soft dollar arrangements are in the best interest of its Clients, the Firm will implement the requisite policies and procedures prior to

undertaking such activity which includes ensuring that the activity falls within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

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

#### Account Reviews

The Firm's investment team reviews portfolio strategy regularly. Changes to the portfolio strategy may be deemed appropriate based on such factors as the economic environment, changes in individual securities or sectors, the overall outlook of financial markets, and other factors that may affect the Firm's ability to achieve its Client's investment goals and objectives.

The Firm also reviews each Client's portfolio for the purposes of determining potential portfolio rebalancing decisions and other investment changes that may be appropriate depending on the specific facts and circumstances. These activities are considered normal portfolio management activities and not changes in portfolio investment strategy.

#### Client Reporting

Investors will receive reports as described in the applicable Governing Documents.

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

The Fund may in the future engage third-party solicitors for investor referrals, provided that each such solicitor has entered into a written agreement with the Fund pursuant to which the solicitor will provide each prospective investor with, among other things, a copy of the Firm'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 solicitor and the Fund, and any fees to be paid to the solicitor. Payments for investor solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act.

### **Item 15: Custody**

Client assets are required to be held by a qualified custodian unaffiliated with the Firm. Although the Firm does not maintain physical custody of Fund assets, under the Advisers Act the Firm is deemed to have custody of Fund assets because it serves as investment manager to the Fund and an affiliated entity serves as General Partner to the Fund.. Therefore, the Firm must comply with certain "custody" requirements under the Advisers Act. To comply with these requirements, the Firm will:

- Ensure that the assets of its Clients are maintained in custodial accounts with a "qualified custodian";
- Provide notice to Clients about the qualified custodian. This notice is incorporated into the Governing Documents.

To further comply with custody requirements, the Firm requires (1) the appointment of an independent public accounting firm that is registered with the Public Company Accounting Oversight Board (PCAOB) to conduct an annual audit of Fund financial statements, (2) distribution of the audited financial statements within 120 days of the fiscal year-end to each Fund investor, and (3) upon liquidation of the Fund, the performance of a liquidation audit and distribution of the related financial statements to investors promptly upon completion of such audit.

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

The Firm provides investment advisory services to the Fund on a discretionary basis. Prior to assuming full discretion in managing the Fund's assets, the Firm entered into an investment management agreement with the Fund that sets forth the scope of the Firm's discretion.

Investment advice is provided directly to the Fund and not the investors in the Clients individually.

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

The Firm has adopted policies and procedures (the "Proxy Policy") to address how the Firm will vote when provided proxies to do so by entities in which the Firm has invested on behalf of the Fund. The Proxy Policy seeks to ensure that the Firm votes proxies or similar corporate actions in the best interests of the Fund investors, taking into account such factors as it deems relevant in its sole discretion.

#### Proxy Policy

The Firm's Proxy Voting Policy is designed to 1) identify any material conflicts of interest connected with a particular proxy vote, and 2) ensure that any vote where such conflicts are identified is not improperly influenced by the conflict. Sandglass understands the importance of proxy voting. Sandglass will vote all proxies in the best interests of Advisory Clients and Investors (as applicable) and in accordance with the procedures outlined in its Proxy Voting Policy (as applicable), unless otherwise mandated by investment management agreements or applicable law.

Fund investors who would like a copy of the Firm's Proxy Policy or information regarding how the Firm voted proxies should contact the CCO at [investor.relations@sandglasscapital.com](mailto:investor.relations@sandglasscapital.com). Such information will be provided free of charge.

### **Item 18: Financial Information**

The Firm does not require or solicit prepayments of more than \$1200 in fees per client, six months or more in advance. The Firm is not aware of having any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

The Firm has never been subject to any bankruptcy petition.