



**Complus Asset Management Limited**

**Form ADV, Part 2A – Brochure**

**Item 1: Cover Page**

**24 July 2018**

This Brochure provides information about the qualifications and business practices of Complus Asset Management Limited. If you have any questions about the contents of this Brochure, please contact us at [info@complusam.com](mailto:info@complusam.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Complus Asset Management Limited is an SEC-registered investment adviser. Such registration as an investment adviser does not imply any level of skill or training.

Additional information about Complus Asset Management Limited 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**

**Complus Asset Management Limited** (“Complus”) is a newly registered investment adviser. Because this is Complus’ initial brochure, there are no material updates to disclose. In the future, Complus will provide any material updates to the information contained in this brochure promptly to clients.

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#### **ITEM 4: ADVISORY BUSINESS**

##### *General Description of Advisory Firm*

Complus Asset Management Limited, was founded by Chester Kwok Ching Kam and is a limited company incorporated in Hong Kong and registered under the business registration ordinance of Hong Kong on January 24, 2011. It is also licensed with the Securities and Futures Commission in Hong Kong and the U.S. Commodity Futures Trading Commission in the United States.

##### *Description of Advisory Services*

Complus provides discretionary investment management services for interest rate and currency markets in Asia for investors that invest in managed accounts (“Managed Accounts”). Complus also operates certain pooled investment vehicle , which are the Complus Asia Fixed Income Fund, Complus Asia Macro Master Fund Ltd, Complus Asia Macro JPY Fund, Complus Asia Rates 2011 Fund Ltd, and Complus Asia Rates Dragon Fund Ltd (collectively “Funds”).

The Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, shares in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements to private placement transactions within the United States or in non-United States transactions, and only by means of an offering memorandum.

All discussions of clients’ investment terms in this document, including but not limited to their investments, strategies, fees and other costs, conflicts of interest and relevant material risks are qualified in their entirety by reference to the relevant offering memorandum and governing documents (with regard to the Funds) and the relevant investment management agreements and disclosure documents (with regard to the Managed Accounts).

Complus does not participate in wrap fee programs.

As of 30 June 2018, the firm managed assets on a discretionary basis in the amount of approximately USD 1,521,415,090.

#### **ITEM 5: FEES AND COMPENSATION**

##### *Performance and Management Fees*

Complus typically charges a monthly management fee based on the percentage of assets under management, and a performance fee based on the percentage of net capital appreciation. The management and performance fees vary, but are generally up to 2% and 30%, respectively. Complus is only entitled to performance fees if cumulative profits generated exceed the previous highest level of cumulative profits (high water mark) and for certain share classes a hurdle rate. This method of calculating the performance fee is prevalent in the alternative investment field.

Neither Complus nor any of its “supervised persons” (as defined in the glossary of terms to SEC Form ADV) accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. In limited circumstances, Complus may negotiate specific terms of investment for certain investors in the Funds differing from the terms applicable to other clients.

Charging asset-based fees and performance-based fees may create a potential conflict of interest because it creates an incentive to allocate the best-performing assets into Managed Accounts and Funds on which Complus charges performance-based fees. Also, the allocation of performance fees at different rates, or subject to different hurdle rates, may create an incentive to disproportionately allocate time, services or functions to accounts or vehicles allocating such fees at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such accounts.

Complus recognizes the possibility of such a conflict and address it through its allocation policy. In particular, Complus’ policy is to allocate investment opportunities fairly and equitably, to the extent possible, over a period of time. To ensure fairness in the allocation of investment opportunities amongst its clients, Complus considers various factors including but not limited to: the client’s investment objectives and strategies; existing portfolio composition; net asset value; cash levels and cash availability; market exposure; regulatory or tax restrictions and the suitability of investments for the clients. Where an investment opportunity is suitable for two or more clients, Complus seeks to provide its clients with equal access to such investment opportunities to the extent possible, and generally seek to employ allocation methods such as pro-rata allocation.

#### *Valuation of Assets*

The management fee and the performance-based fees charged to clients are calculated based on valuations ascribed to the portfolio holdings of each. There can be no assurance that the value assigned to an investment at a certain time will equal the value that each portfolio is ultimately able to realize. Complus addresses this conflict by adhering to its valuation policies by employing an independent third party to support valuation matters, and employing an independent third-party pricing sources to the extent practicable.

#### *Fee Waivers*

Complus may, in its sole discretion, waive all or part of any fees or expenses payable by or attributable to clients.

#### *Expenses and other Fees*

Clients generally bear certain expenses of the Managed Accounts and Funds. Such expenses may include, but are not limited to: brokerage commissions and charges; all fees and expenses of transactional, risk, market data and trade-related services; all administrative expenses; fees and charges of custodians and clearing agencies; income taxes, withholding taxes, and other charges and duties of governments, agencies or regulatory bodies; fees and expenses of legal advisers, administrators, net asset value calculation agents, accountants and independent auditors; Directors’ fees and expenses; the costs of printing and distributing any memorandum and

subscription materials and any reports and notices to investors or prospective investors. Each client also will bear its own organizational fees and expenses.

Please see Item 12, “Brokerage Practices,” below for a discussion of certain brokerage expenses. Complus has no affiliated broker-dealers.

Complus does not ask or require its clients to pay any fees in advance of the related advisory services.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Complus receives performance-based compensation as described in Item 5, “Fees and Compensation,” above.

## **ITEM 7: TYPES OF CLIENTS**

Complus provides investment advisory services in accordance with the requirements of client specific investment management agreements. The Funds generally impose minimum investment requirements, such as minimum initial investments, as further specified in their offering materials. In addition, investors in the vehicles organized in the United States or that are otherwise offered to U.S. persons are generally subject to certain qualification standards, including status as “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 and, at least in certain cases, as “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 (“1940 Act”).

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

### **Methods of Analysis and Investment Strategy**

Complus shall seek to identify themes and search for ways to profit from its proprietary views on the Asian macro environment, trading foreign exchange and interest rates and implementing both directional and relative value positions. Complus will aim to build a portfolio of opportunities with diverse drivers and time horizons to benefit from diversification. Capital preservation shall be a key element of the strategy and risk shall be controlled through a stop loss policy.

In connection with Managed Accounts, Complus’ clients may propose objectives, investment restrictions and investment guidelines (the “Investment Objectives and Guidelines”) that support the proposed strategy, which may be to replicate the strategy of an existing referenced Fund. Additionally, its clients may impose certain restrictions regarding investment or holdings prohibiting certain assets or instruments.

Complus employs fundamental and market dynamic analysis in order to construct a balanced portfolio in relative value and directional opportunities focusing on Asia. Its investment process consists of three parts: (i) Research and Idea Generation; (ii) Trade Implementation and Execution; and (iii) Risk Management and Monitoring, that have been developed with the aim of generating positive returns in various market conditions and preserving capital. In particular, its

Research and Idea generation process is comprised of four key pillars, which are global macro analysis, local macro analysis, use of quantitative tools, and technical analysis. This process is followed by Trade Implementation and Execution, which consists of four steps, including choice of instrument and deal structuring, marginal risk contribution analysis, position sizing, and trade execution.

Additionally, the final part of Complus' investment approach is its Risk Management and Monitoring process that focuses on capital preservation. At the core of Complus' risk management philosophy is its stop loss discipline, which is central to its risk management process. Additionally, Complus employs other risk management tools including exposure guidelines, Value-at-Risk monitoring, stress test scenarios, margined cash and cash equivalent level targets.

### **Risk of Loss**

There are a number of material risks associated with Complus' investment strategies. These include, but are not limited to, the risks summarized below. The information contained in this brochure cannot disclose every potential risk associated with the investment strategy or all of the risks applicable to its clients. Rather, it is a general description of the nature and risks of the strategy. Also, there may be further risks which are currently unforeseen by Complus. The material risks discussed below are qualified in their entirety by reference to risk disclosures found in the Funds offering documents, or Managed Account investment management agreement, or other relevant agreements or disclosure documents. Investors should carefully review these documents for additional information about risks associated with the investment and consult their own advisers.

There is no guarantee that the strategy will deliver returns for the Funds and Managed Accounts and any investment in the Funds and Managed Account could result in a substantial or total loss of the capital invested.

**Currency exposure:** Assets of the Managed Accounts or Funds may be invested in securities and other investments which are denominated in currencies other than the currency or currencies in which the Fund shares are denominated. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Complus may seek (but is not obligated) to hedge its foreign currency exposure but will necessarily be subject to foreign exchange risks and there can be no assurance that any hedges which are put in place will be effective.

**Derivative instruments:** The Managed Accounts or Funds may use both over-the-counter and exchange traded derivatives including, but not limited to, futures, options, forward contracts and swaps. Derivative instruments can be highly volatile and expose investors to a high risk of loss. The use of derivative instruments exposes the Managed Accounts or Funds to various risks, including the following:

- (i) **Tracking** – When a derivative instrument is used for hedging purposes, there may be an imperfect or variable degree of correlation between price movements of the derivative instrument and the investment or market sector being hedged which may negate the intended hedging effect.

- (ii) **Liquidity** – Derivative markets often have limited liquidity, particularly when derivative instruments are traded in large amounts. In circumstances of low liquidity, the Managed Accounts or Funds may not be able to close out a position without incurring a substantial loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges may prevent prompt liquidation of positions, subjecting the portfolio to the potential of greater losses.
- (iii) **Leverage** – The low initial margin deposits normally required to establish a position in derivative instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of Funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited.
- (iv) **Over-the-Counter-Trading** – Over-the-counter instruments are two-party contracts where price and other terms are negotiated by the buyer and the seller. Transactions in over-the-counter instruments may involve additional risk as there is no exchange market on which to close out an open position. Consequently it may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. The risk of non-performance by the relevant counterparty can be significantly greater in the case of over-the-counter instruments as opposed to exchange-traded instruments.

**Emerging markets:** The Managed Accounts or Funds may invest in emerging markets and therefore additional risks may be encountered. These include:

- (i) **Political and economic factors** - Investing in emerging markets involves certain risks not typically associated with investing in the securities of issuers in more established markets, including: (i) political and economic risks, such as greater risks of expropriation, nationalization and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; and (iv) bureaucratic restraints relating to investment in the country.
- (ii) **Developing legal system** - At present, the securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent interpretation and enforcement involve significant uncertainty.
- (iii) **Market considerations** - As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. Settlement of transactions may be subject to delay and administrative uncertainties.
- (iv) **Currency** - The currencies in which investments are denominated or priced may be unstable and/or subject to significant depreciation. Such currencies may not be freely convertible. The imposition of currency controls may negatively impact performance



- and liquidity in the Managed Accounts or Funds as capital may become trapped in the relevant jurisdiction.
- (v) **Custody risk** - Custodians are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more developed markets. In particular, there is a risk that the Managed Accounts or Funds will not be recognized as the owner of securities held on its behalf by a sub-custodian.
  - (vi) **Disclosure** - Less complete and reliable fiscal and other information may be available to investors than information normally available in mature markets.

**General Foreign Exchange Trading Risks:** Substantial risks are involved in the trading of foreign exchange, market movements can be volatile and difficult to predict. Government activities, particularly those of the Federal Reserve Board of the United States, can have a profound effect on interest rates, which, in turn, substantially affect prices as well as the liquidity of markets. Politics, recession, inflation, employment levels, trade policies, international events, war, and other unforeseen events can also have significant impact upon prices. A variety of possible actions by various government agencies also can inhibit the profitability of the Managed Accounts or Funds or can result in losses. Such events, which can result in significant market movements and volatile market conditions, create the risk of substantial losses for the Managed Accounts or Funds.

**Market risks and liquidity:** Much of the profitability of the investment program of the Managed Accounts or Funds depends on correctly assessing the future course of the price movements of investments and securities. There can be no assurance that Complus will be able to predict accurately these price movements. While Complus attempts to mitigate market risk, there is always some, and occasionally a significant, degree of market risk. Furthermore, the Managed Accounts or Funds may be adversely affected by a decrease in market liquidity for the instruments, which may impair Complus' ability to adjust position. The size of positions, changes in overall market leverage, deleveraging by a prime broker, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Managed Accounts or Funds' portfolios.

**Overall investment risk:** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by Complus and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While Complus will devote its best efforts to the management of the Managed Accounts or Funds' portfolio, there can be no assurance that the Managed Accounts or Funds will not incur losses.

**Use of leverage:** Subject to market conditions and applicable regulations, the Managed Accounts or Funds may use leverage in connection with investments. The use of leverage will add to the risk of the Managed Accounts or Funds' investments, as declines in the price of a security could result in a substantial loss of the Managed Accounts or Funds' investment in the security. The Managed Accounts or Funds' use of leverage may result in losses exceeding the amount invested.

## **ITEM 9: DISCIPLINARY INFORMATION**

To Complus' knowledge, neither it nor any of its management personnel have been involved in, or subject to, any disciplinary events or legal actions that are material to its advisory business or the integrity of its management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Complus nor any members of its management are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant ("FCM"), or associated person of a registered FCM. Complus is registered with the National Futures Association ("NFA") as a Commodity Pool Operator ("CPO") operating under the Rule 4.7 exemption, and as a Swap Firm.

Neither Complus nor its management have any relationship or arrangement with its affiliates in the financial services industry that is material to its advisory business or to its clients.

Complus does not recommend or select other investment advisers for its clients. Complus does not receive compensation directly or indirectly from third parties in connecting with recommending advisory services.

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

### **Code of Ethics**

Complus has adopted a Code of Ethics which sets forth standards of business and personal conduct for all of its employees, and addresses conflicts of interest that may arise from personal trading by employees, and gifts and entertainment received by or provided to them. Its employees are required to read, understand and observe the requirements in its Code of Ethics, which describes its duties and responsibilities to its clients in areas including:

- i. Honest and ethical reporting;
- ii. Full, fair, accurate, timely, and understandable disclosure in reports and documents;
- iii. Compliance with applicable laws, rules, and regulations;
- iv. Prompt internal reporting of violations of the Code; and
- v. Accountability for adherence to the Code of Ethics.

Complus will provide a copy of its Code of Ethics to any client upon written request.

### **Personal Account Dealing Policy**

Complus has adopted a Personal Account Dealing Policy, described in its Compliance Manual. All of its principals and employees are subject to the Personal Account Dealing Policy, the terms of which apply to all financial instruments that are not exempt under its terms and regulatory rules. The purpose of the Personal Account Dealing Policy is to detect any personal account dealings that would involve a conflict with client dealings.

The Personal Account Dealing Policy generally requires that its principals and employees seek pre-clearance and approval from the Compliance Officer for all investments involving their personal accounts which are covered by the policy. Employees may generally make personal investments in financial instruments with pre-approval. Generally, all personal account transactions covered by the policy are subject to prior written authorization. In addition, these transactions are subject to a 30-day holding period. All employees with personal trading accounts must provide the Compliance Officer with statement copies no less than quarterly.

## **ITEM 12: BROKERAGE PRACTICES**

Complus has full discretionary authority to invest and direct trades to broker. Complus endeavors to obtain the best execution for transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. In selecting brokers, Complus seeks the best combination of price and quality of execution services, after considering other factors that may impact the transaction, including the particular expertise of the broker with respect to the size or type of transaction, the commission rates charged, the nature and character of the relevant markets, and the broker's execution experience, integrity, credit-worthiness, financial responsibility and operational efficiency. Complus does not consider whether it receives referrals from a broker-dealer or third party in selecting a broker.

### **Directed Brokerage**

Complus generally does not engage in directed brokerage arrangements, unless instructed to do so by a client.

### **Soft Dollar Arrangements**

Complus generally does not use soft dollars or client brokerage commissions to obtain research services.

### **Trade Aggregation and Allocation**

Complus manages Managed Accounts and Funds with similar investment styles and strategies. As a result, if an investment transaction is appropriate for more than one client, Complus may attempt to aggregate trades for the accounts and perform one trade or a block trade and allocate to each of them pro-rata.

Complus generally allocates trades on the same business day on a pro-rata basis to all clients, subject to certain exceptions such as de minimis orders. However, pro-rata allocations may not always be feasible or in the best interest of its clients and Complus may determine to allocate investment opportunities, either in part or in whole, using another methodology. In addition, Complus also may exclude certain accounts from an allocation if the size of the allocation, if made on a pro-rata basis, would not satisfy certain minimum size thresholds established by Complus or a client. Generally, trades are allocated on a pro-rata basis; however, where this is not feasible, Complus monitors such allocation with the objective of fair and reasonable treatment of clients generally over time.

### **ITEM 13: REVIEW OF ACCOUNTS**

Complus conducts reviews of the Managed Accounts and Funds, and evaluates their investment objectives, restrictions and performance on an ongoing basis. Reviews are primarily conducted by the portfolio manager and risk staff and are overseen by the Chief Investment Officer and Complus' senior management.

The Managed Accounts' and Funds' respective independent administrators are responsible for producing final confirmed net asset values ("NAV") and monthly statements, which they distribute directly to the investors. These financial statements and reports typically do not include a listing of portfolio investments.

Complus may produce and distribute written reports for clients in accordance with its internal practices and the terms defined in the relevant Managed Account's investment management agreement. These reports include various financial data and information. Similar data may also be used in written presentations and other client reporting, which are produced and distributed on an ad hoc basis.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Complus may enter into contractual arrangements whereby it shares a portion of its performance and/or management fees paid in respect of the capital raised through client referrals. Such arrangements would be made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. Complus, and not the investors, would pay compensation to these third parties. Investors will not pay any additional fees as a result of being solicited by such third parties.

No person, other than clients, provides Complus with an economic benefit for providing advisory services to its clients.

### **ITEM 15: CUSTODY**

Complus currently does not have custody, as defined in Rule 206(4)-2 under the Advisers Act, of any client assets. If Complus in the future has custody under Rule 206(4)-2, it will comply with the pertinent provisions of that Rule.

### **ITEM 16: INVESTMENT DISCRETION**

Complus has discretionary authority to manage securities accounts on behalf of clients. Clients may seek to impose restrictions on how their accounts are managed, which vary based on the demands and objectives of the client. Complus may agree or not agree to such restrictions in its discretion. In addition, restrictions on investments by the Funds are specified in the relevant vehicle's offering documents.

Clients who invest in Managed Accounts negotiate the terms of the investment management agreement with Complus. Therefore, they may be able to impose investment restrictions on such

account provided that Complus is comfortable that the restrictions will not materially impact the performance of the account.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Complus has and will accept proxy voting authority to vote client securities. This creates a potential conflict of interest for Complus with respect to clients because of the possibility of Complus voting client securities to further its own interests at the expense of the clients' interests. Proxy voting is not highly relevant to Complus or its clients because many of the instruments in which the Funds and Managed Accounts invest directly do not carry voting rights. As Complus is a macro investment manager with a focus in Asia markets, the ability to exercise voting rights generally plays no part in and has no material bearing on the investment strategy that it employs.

Complus has adopted a Proxy Voting Policy in accordance with Rule 206(4)-6 of the Advisers Act. Complus generally will not accept instructions or direction from its clients regarding how to vote proxies. In its discretion, Complus may choose not to vote on a particular proxy.

#### **ITEM 18: FINANCIAL INFORMATION**

Complus does not require or solicit the prepayment of fees, does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to any client and has never been the subject of a bankruptcy petition.