



**March 2018**

This Brochure provides information about the qualifications and business practices of Hadron Capital LLP.

If you have any questions about the contents of this Brochure, please contact us at +44 (0)20 7469 5900 or email [info@hadroncapital.com](mailto:info@hadroncapital.com). You may also visit our website at [www.hadroncapital.com](http://www.hadroncapital.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hadron Capital LLP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the Financial Conduct Authority's website at [www.fca.gov.uk](http://www.fca.gov.uk).

Registration of an Investment Adviser does not imply that Hadron Capital LLP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

**Hadron Capital LLP  
5 Royal Exchange Buildings  
London  
EC3V 3NL**

**Item 2: Material Changes**

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This document is the initial Brochure prepared by Hadron Capital LLP (“Firm”, “Investment Manager”). The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

**Item 3: Table of contents**

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**Item 4: Advisory Business**

Hadron Capital LLP (“Firm”, “Investment Manager”) is an independent investment management firm established in 2004. The firm is based in London and is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”). The firm’s ultimate beneficial owner is Marco D’Attanasio. Mr D’Attanasio owns the firm through his equity interest in Hadron Capital (Cayman) Ltd which in turn wholly owns Hadron Capital UK, the Firm’s Corporate Partner. The Corporate Partner is the only member to the Firm’s LLP agreement that holds more than 25% of an equity interest in the Firm.

The Firm’s clients comprise regulated and unregulated collective investment schemes (“funds”). The Firm manages the Hadron Fund, its flagship hedge fund launched in October 2004, the Hadron Alpha Select Fund, a UCITS fund launched in April 2010 and Hadron Fund Series II, a Hedge Fund launched in October 2016. The Firm employs a long/short multi-asset class approach focused on capitalising on bottom-up dislocations as well as near-term, catalyst driven investment opportunities. The investment strategy is based on relative value with an event driven focus offering exposure to corporate events, mergers, restructurings and other special situations.

The Hadron Master Fund, the Hadron Master Fund Series II (the “Master Funds”) and Hadron Fund, Hadron Fund Series II (“the Funds”) (each being the master and feeder fund respectively) are all Cayman Islands limited liability corporations. Between January 2011 and December 2017 the Firm also served as an investment manager to the Hadron Fund L.P., a Delaware limited partnership which operated as a private investment partnership primarily for the benefit of taxable U.S. investors. The Funds invest substantially all of their assets in the Master Funds, under a “master-feeder” structure.

The Hadron Alpha Select Fund is a fund of Hadron Alpha plc, an umbrella type investment company with variable capital, incorporated in Ireland and authorised by the Central Bank in Ireland as a UCITS.

The funds managed by the Firm are as follows:

<b>Fund</b>	<b>Short name</b>	<b>Type of fund</b>
<b><i>Unregulated funds</i></b>		
Hadron Master Fund	N/A	Private fund (Cayman Islands)
Hadron Fund	N/A	Private fund (Cayman Islands)
Hadron Master Fund Series II	N/A	Private fund (Cayman Islands)
Hadron Fund Series II	N/A	Private fund (Cayman Islands)
<b><i>Regulated funds</i></b>		
Hadron Alpha plc	N/A	UCITS umbrella, an investment company with variable capital
Hadron Alpha Select Fund	N/A	UCITS, a sub-fund of Hadron Alpha plc

Each fund and sub fund managed by the Firm may contain a number of different share classes, which differ as to matters such as reporting currency, minimum investment, redemption terms, treatment of income and fees.

The information contained in this Brochure summarises the details contained within the prospectuses prepared for each of the funds where relevant. The Firm will not provide services relating to the UCITS into the U.S., therefore the detail of subsequent sections will focus on the Funds and Master Funds. The Brochure is not required to provide all the information which a prospective investor will require prior to making an investment.

In respect of both the Funds and the Master Funds, the investment objective is to seek to generate positive absolute returns in a consistent and reliable way through all market conditions and with controlled volatility. The Funds seek to achieve their objective by investing substantially all of its assets in the Master Funds. The Master Funds seek to achieve their objective by investing on a multi-asset class basis in global markets.

The regulated funds are managed in accordance with the UCITS Directive as adopted by the Central Bank in Ireland. As such they are managed in accordance with strict diversification and other investment restrictions and borrowing requirements. For clarity, the UCITS fund data is provided here for information purpose; however the Firm does not and does not intend to market the UCITS in the U.S.

#### Assets Under Management

As at 31/03/18 the net assets for the Hadron Fund were \$63,553,034. For the Hadron Alpha Select Fund net assets were \$146,904,679. For Hadron Fund Series II net assets were \$67,135,697.

The regulatory assets under management at 31/03/18 for the Hadron Fund were \$183,372,686 and \$207,401,445 for the Hadron Fund Series II. All AUM is managed on a discretionary basis.

**Item 5: Fees and Compensation**

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Management Fees

Pursuant to the Management Agreement in place, the Funds pay Hadron Capital (Cayman) Limited ("the Manager") a monthly Management Fee in arrears equal to 1/12 of 2 per cent of the Net Asset Value of each Class (other than Management Shares) (before deduction of that month's Management Fee and any accrued Incentive Fee) as at each valuation day. Management fees are paid for in cash by bank transfer.

The Manager is responsible for the fees of the Investment Manager. The Manager or the Investment Manager may, at their sole discretion rebate fees to shareholders and any such rebate may be used to subscribe for additional Shares. The Manager or the Investment Manager may, at their sole discretion, pay a portion of the Management Fee and/or the Incentive Fee to intermediaries or placement agents (including the Directors of the funds).

Other fees*Administrator Fees*

Fees are charged on a sliding scale depending on the amount of assets managed. The administrator will also be reimbursed any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties. The Funds will pay the Administrator a fee as follows on a monthly basis:

- 0.12% of the first US\$250 million of the net assets of the Master Funds
- 0.10% of the next US\$250 million of the net assets of the Master Funds
- 0.08% of net assets above US\$500 million of the net assets of the Master Funds

The minimum monthly valuation payable under the Administration Agreement monthly in arrears, and excluding out-of-pocket expenses is US\$7,000 per month.

*Prime Brokers*

The Prime Brokers will receive fees at normal commercial rates on transactions which they execute. The Prime Brokers will charge debit interest on debit balances at agreed rates. The Prime Brokers will receive separate fees for their clearing and settlement services, but not for custodial services. These arrangements may be modified by agreement.

*Other Fees and Expenses*

The Funds or Master Funds will also pay the costs and expenses of:

- (i) all transactions carried out by it or on its behalf (including costs and expenses incurred by the Investment Manager in sourcing and researching investment opportunities);
- (ii) the administration of the Funds and/or including;

- a. the charges and expenses of legal advisers and auditors, including in relation to due diligence on potential investments;
- b. brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions;
- c. all taxes and corporate fees payable to governments or agencies;
- d. Directors' fees (if any) and expenses;
- e. interest on borrowings, including borrowings from the Prime Brokers;
- f. such expenses incurred by the Manager in soliciting subscriptions for Shares;
- g. communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- h. the cost of insurance (if any) for the benefit of the Directors;
- i. litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- j. the cost of maintaining the listing of the Shares on the Irish Stock Exchange;
- k. all other organisational and operating expenses.

#### **Item 6: Performance-Based Fees**

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The Funds also pays to the Manager an Incentive Fee in respect of each calculation period calculated on a share-by-share basis so that the Incentive Fee is only charged on shares which have appreciated in value. In respect of each share, the Incentive Fee will be equal to 20 per cent of the increase in the Net Asset Value above the Reference Net Asset Value during the relevant calculation period. The Reference Net Asset Value is the greater of the Net Asset Value per share at the time of issue or acquisition and the highest Net Asset Value per share at the end of a calculation period subsequent to the issue or acquisition of the Share. Accordingly, Shares issued or acquired on different dates may have a different Reference Net Asset Value.

The Incentive Fee in respect of each calculation period will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee. The Incentive Fee is normally payable in arrears within 14 calendar days of the end of the Calculation Period.

The High Watermark is also relevant in the context of new subscriptions for shares in the Funds. If shares are subscribed for at a time when the Net Asset Value per Share of the relevant Class is greater than the High Watermark, then the subscriber will be required to pay an Equalisation Credit. The Equalisation Credit is an amount equal to 20 per cent of the difference between the then current Net Asset Value per share (before accrual for any Incentive Fee) and the High Watermark. The Equalisation Credit will equal the Incentive Fee accrued with respect to the other shares of that Class (the "Accrued Fee") and which should not be charged to the Shares being subscribed for. As a result, only shares which appreciate in value from their Reference Net Asset Value will be charged an Incentive Fee and all shares of the same Class will have the same Net Asset Value.

No other type of hourly, flat or asset-based fee is payable.

**Item 7: Types of Clients**

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**Funds**

The funds managed by the Investment Manager are described above under “Advisory Business”.

Each fund where the Firm acts as investment adviser specifies minimum subscription limits and the subscription and redemption terms applicable. Minimum subscription limits and redemption terms by fund are as follows:

***The Funds***

- US Dollar      US\$ 1 million
- Euro            € 1 million

Subject to the discretion of the funds’ directors, smaller subscriptions may be accepted. The minimum subscription for additional shares is €250,000/ US\$250,000.

Investors may subscribe to or redeem shares in the Fund on the first business day of each month. Written notice of redemption must be received by the administrator at least 45 days prior to the Redemption Day. The Directors may waive notice requirements or permit redemptions under such other circumstances at their discretion. The redemption of shares will be suspended whenever the calculation of the Net Asset Value is suspended.



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

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Since the Funds invest primarily through the Master Funds, references made below to the Funds investments include investments made by the Funds through its investment in the Master Funds.

**Investment Strategy**

The Investment strategy of the Hadron Fund and Hadron Fund Series II (“the Funds”) are identical however Hadron Fund Series II contains larger investments in high conviction ideas. The investment objective of both the Funds and the Master Funds is to generate positive absolute returns in a consistent and reliable way through all market conditions and with controlled volatility. The Funds seek to achieve their objective by investing substantially all of its assets in the Master Funds. The Master Funds seek to achieve its objective by investing on a multi-asset class basis in global markets.

Investment areas include the equity and the bond markets, with specific weights determined according to the strategy that the Master Funds intend to adopt in a particular economic phase. The single strategies are:

- Equity Long-Short;
- Volatility Long-Short;
- Credit Long-Short;
- Merger and Acquisition Arbitrage;
- Portfolio Hedging; and
- Convertible Bonds and Capital Arbitrage.

Derivatives may be used for hedging and positioning, the latter principally when the derivative offers superior liquidity to the underlying cash instrument or a risk profile more suitable to the specific strategy in a particular market environment. Investments in foreign exchange markets may also be used for hedging purposes and, occasionally, positioning. In general, the Master Funds have maximum flexibility to invest in a wide range of instruments, provided such investments are consistent with the investment objective of the Master Funds. There is no minimum credit rating for the securities that the Master Funds may invest in and such securities may be listed or unlisted. The Master Funds may invest opportunistically in initial public offerings (“IPOs”). The Master Funds may also retain amounts in cash or cash equivalents pending investment or reinvestment if this is considered appropriate to the investment objective.

Whilst the Master Funds investments may be denominated in any currency, including basket or notional currencies, the Master Funds will be seeking to maximise US Dollar-based total returns.

The Funds will not engage in borrowing or leverage. The Master Funds may borrow for any purpose, including increasing investment capacity, paying operating expenses, and making withdrawal, redemption, or distribution payments or for clearance of transactions.

The Master Funds may make extensive use of borrowed funds and other forms of leverage to execute its investment strategies and such leverage will vary significantly depending on market conditions and strategies pursued, although in no case exceed a factor of nine.

The Investment Manager believes that the multi-asset class approach presents several benefits:

#### 1. Fundamental ("Bottom-Up")

The basic principal of the multi-asset class approach is that all components of the capital structure of a company (equity, bonds, etc.) derive their value from the same cash flows. The utilisation of multiple strategies can create strong synergies through the analysis of a company from different angles and independent methodologies. The Investment Manager believes that this approach improves the accuracy of the valuation whilst generating new ideas that can be implemented in mixed strategies that are not limited to a defined market. For example, the restructuring of a company can be analysed from both an equity and credit standpoint.

#### 2. Macro ("Top-Down")

The Investment Manager believes that simultaneous exposure to various classes of financial instruments can improve understanding of the global economic phase. As a consequence, the Investment Manager believes that it will have a better understanding of the direction of the markets, which can be used for directional strategies, and that the Master Funds capital allocation will be optimised.

#### 3. Diversification of Competencies

The presence of talented professionals focusing on single instruments is necessary in order to excel in different sectors of the market. The Investment Manager believes that such diversification of competencies sets the proper conditions to develop and innovate the investment process.

#### 4. Economies of Scale

The Investment Manager believes that the ability to operate multiple strategies within the same fund generates natural economies of scale in terms of costs, relationships and information flow.

#### 5. Opportunistic Capital Allocation

The Investment Manager believes that it is particularly important to have flexibility in allocating capital depending on the different opportunities available in the market.

#### 6. Portfolio Diversification

The Investment Manager believes that the risk profile of the Master Funds is inherently improved by exposure to different investment classes and strategies.

### **Investment process**

The Investment Manager will adopt a rigorous approach to the investment process both in respect of each individual strategy and at the level of the portfolio as a whole. The Investment Manager has identified four distinct phases, each equally important:

1) *Idea generation* occurs in different ways. For the most part, ideas are generated internally from the Investment Manager's analysts and portfolio managers, with intuitions on specific situations (bottom-up) and macroeconomic opinions (top-down). Other ideas come from recommendations of brokers which are carefully filtered.

2) *Analysis* which aims to identify opportunities for investment with an expected positive return achievable in a predictable time. The analysis is concentrated on two main aspects: the fundamental valuation of the company of interest and the search of catalysts that can lead to the realisation of the value, which then generates the returns.

3) *Execution/Portfolio Construction*. Several factors are considered in deciding the timing of the investment. The timing is based on the forecast of the evolution of the events, made during the process of analysis, and on the liquidity in the market. Technical analysis provides an important guide for this. The same process is applied when the investment is realised.

4) *Portfolio management*. This is absolutely crucial. A portfolio with a majority of investments with positive returns can nonetheless have a negative total return if gains from profitable investments are taken too early while trailing ones are not closed out quickly. In order to attempt to avoid this, every investment is re-valued in a dynamic way with the idea that maintaining a position at the end of a trading day is equivalent to a new investment decision. In particular, expectations about maximum loss, liquidity and performance of each investment are constantly re-examined.

### **Risk of Loss Factors**

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds will invest in and actively trade financial instruments using a variety of strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the investment programme will be successful. Prospective investors should consider the following factors in determining whether an investment in the Funds is a suitable investment:

**Counterparty Risk.** Some of the markets in which the Master Funds may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Master Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Master Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Funds has concentrated its transactions with a single or small group of counterparties. Subject to the investment restrictions contained within the Offering Memorandum, the Master Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, the Master Funds have no internal credit function dedicated to the evaluation of the creditworthiness of its counterparties.

**Event-Driven Investing.** The Master Funds may invest in securities of companies which the Investment Manager believes will engage in a corporate restructuring, recapitalisation, spin-off or split-up. Such securities may have significant exposure to overall market

movements. The Master Funds may attempt to preserve capital and minimise potential losses by, among other things, using options and other derivative instruments to hedge against market movements. The effectiveness of hedges may vary over time, certain types of losses may not be able to be hedged against or may not be anticipated, and the Master Funds may incur greater losses in a hedged position if the hedge is not effective than it would have incurred if the position had not been hedged.

**Exchange Rate Fluctuations; Currency Considerations.** Whilst the functional currency of the Master Funds is US Dollars, the Master Funds assets will often be invested in securities denominated in other currencies and any income or capital received by the Master Funds will be denominated in the local currency of investment. Accordingly, changes in currency exchange rates (to the extent unhedged) will affect the value of the Master Funds portfolio and the unrealised appreciation or depreciation of investments. The Master Funds may also incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Master Funds at one rate, while offering a lesser rate of exchange should the Master Funds desire immediately to resell that currency to the dealer

**Certain Derivative Investments.** The Master Funds may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Master Funds option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Master Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Master Funds may enter into. When the Master Funds buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Master Funds investment in the option (including commissions). The Master Funds could mitigate those losses by selling short, or buying puts on, the securities as to which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Master Funds sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Master Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Master Funds might suffer as a result of owning the security.

**Leverage and Financing Risk.** The Master Funds may leverage their capital when the Investment Manager believes that the use of leverage may enable the Master Funds to achieve a higher rate of return. Accordingly, the Master Funds may pledge its assets in order to borrow additional funds from dedicated credit and banking facilities for

investment purposes. The Master Funds may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings and other forms of leverage which the Master Funds may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing the Master Funds total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Master Funds would be magnified to the extent the Master Funds are leveraged. The cumulative effect of the use of leverage by the Master Funds in a market that moves adversely to the Master Funds investments could result in a substantial loss to the Master Funds which would be greater than if the Master Fund were not leveraged.

**Hedging Transactions.** The Master Funds may utilise financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Master Funds investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Funds unrealised gains in the value of the Master Funds investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Funds portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Funds liabilities or assets; (vi) protect against any increase in the price of any securities the Master Funds anticipates purchasing at a later date; or (vii) for any other reason that the Investment Manager deems appropriate. For a variety of reasons, the Manager may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged.

The success of the Master Funds hedging strategy will depend, in part, upon a correct assessment of the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Funds hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions. Such an imperfect correlation may prevent the Master Funds from achieving the intended hedge or expose the Master Funds to risk of loss. The Investment Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Funds portfolio holdings.

**Global Economic and Market Conditions.** The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Please note that the above is not an exhaustive list of potential risks associated with investment in the Funds. Please see the Offering Memorandums for further details.

**Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

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

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The Firm is authorised and regulated by the FCA in the UK as a Full-scope Alternative Investment Fund Manager (“AIFM”) that is a collective portfolio management investment firm. Its Firm Reference Number is 401378. The authorisation that it holds means that the Firm is permitted to act as AIFM in respect of unauthorised alternative investment funds, as well as to provide discretionary management and advisory services to professional clients (including to UCITS funds or management companies). The Firm is not permitted to deal with retail clients.

*Conflicts of Interest*

Whilst the Investment Manager does not have any Management Persons at present, it recognises the importance of having in place appropriate policies and procedures in relation to conflicts of interest. Such policies and procedures are applied in respect of all Partners and employees of the Investment Manager.

The Partners and/or certain members or employees of the Manager and Investment Manager or their affiliates may be subject to a variety of conflicts of interest relating to their responsibilities for the Master Funds and the management of its portfolio. Certain of them may serve as a member of the board of directors, as a member of an investment or advisory committee, or otherwise in an advisory capacity for one or more corporations, foundations or other organisations. Such positions may create a conflict between the services and advice provided to such organisations and the responsibilities owed to the Master Funds. Although each such person will seek to limit any such conflicts in a manner that is in accordance with their fiduciary duties to the Master Funds and such organisations, there can be no assurance that serving in such positions will have no impact on the person's ability to perform his responsibilities on behalf of the Master Funds.

However, the Investment Manager maintains a record of any potential conflicts of interest, including external appointments held by all staff. This list is updated when necessary and completeness is confirmed on an annual basis. None of the relationships currently notified to the Investment Manager by the individuals concerned create a material conflict of interest between the Investment Manager and its clients (the funds) or between clients.

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

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The Firm has in place a Code of Ethics which sets out the procedures governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children (“related persons”) must be notified to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes are received by the Firm.
- Initial and annual holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals and contract notes where appropriate.

The Firm may promote funds to clients in which related persons may also have an investment. This is disclosed to the client at the time of investment. No other securities are bought or sold for client accounts in which the Firm’s related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the funds or accounts managed are actively trading in such securities.

**Item 12: Brokerage Practices**

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**General arrangements**

The rules to which the Firm is subject in the UK forbids it from paying commission except where there would be a benefit to the client from doing so. Research payments are charged separately by each research provider and these are paid by the Funds via an RPA account.

The FCA forbids the payment of commission to brokers for research services which it does not see as meeting the requirements.

The Firm maintains a list of authorised brokers with whom it may deal for the funds it manages. There are strict policies in place in relation to the selection and ongoing performance monitoring of the brokers used by the Firm, as set out in the Best Execution Policy. This list is reviewed at least on an annual basis in order to ensure they are still providing good levels of execution, reasonable commission charges, credit stability, liquidity, and good settlement. Further to the review, brokers are added or deleted according to the Firm’s view of the quality and cost of the service provided.

**Funds and accounts**

The commission the Funds pay is solely for trade execution and does not include any payments for research or corporate access. There are no commission sharing agreements in place. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors:



- Characteristics of the financial instrument
- Characteristics of the execution brokers/ venue to which the order can be directed
- Price
- Commission, clearing and other execution costs
- Speed of execution
- Liquidity
- Settlement history and transaction reporting capability
- Order size and type
- Transparency

The Firm is not incentivised to select a more expensive broker over another when executing trades.

Trades are pre-allocated on a fund by fund basis. Where possible trades will be aggregated for execution and partial fills are allocated on a pro-rata basis to ensure the fair treatment of each fund.

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

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Each fund or account that the Firm manages is subject to periodic review in order to ensure that it remains within the investment parameters prescribed in the fund documentation.

The Risk Controlling and Monitoring function, which is independent from the portfolio management function, creates daily risk monitoring reports and is responsible for measuring and monitoring risks associated with the portfolio. It is also responsible for verifying adherence to the risk parameters set out in the Firm's Risk Management Framework. When a breach of these parameters has been detected it will be reported to the COO immediately. The COO will discuss the issue with the CIO and the breach should be rectified as soon as possible. Details of the breach will be recorded for inclusion in the monthly meeting of the Risk Committee. The risk monitoring reports will be available for the entire Risk Committee to view on a daily basis but will also be circulated via email on a weekly basis.

The Risk Management Committee consists of the three Portfolio Managers, the CEO and the COO. The Committee meets on a monthly basis to review the risk reports for compliance with all of the Investment Manager's risk management guidelines and to discuss any issues or breaches that have arisen in the month.

The Firm reports to the Boards of the funds on a quarterly basis. These reports comprise analysis of risk and return drivers during the period in question, major asset allocation changes, benchmark or peer analysis as well as a review of any trading or operational factors. Each fund board meeting is attended to by a representative of the Firm.

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

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The Firm is not remunerated by any party other than its clients (please see items 5 and 6 above for details of management and performance fees). The Firm currently has no engagements with third party marketers.

### Item 15: Custody

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Prime broker and custody services are provided to the Master Funds as follows:

**Credit Suisse Securities (Europe) Limited (Hadron Fund only)**

One Cabot Square  
Canary Wharf  
London E14 4QJ  
England

**Goldman Sachs International (Hadron Fund only)**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
England

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
England

**Skandinaviska Enskilda Banken AB (publ) (Hadron Fund only)**

S106-40  
Stockholm  
Sweden

### Item 16: Investment Discretion

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The Firm has discretionary authority to manage accounts on behalf of all its funds.

As described in the “Advisory Business” section above, the regulated funds are subject to specific restrictions set out in the UCITS rules whereas the investment guidelines governing the Firm’s management of the unregulated funds are typically widely drafted and contain no specific limitations. However the Funds and Master Funds are managed in accordance with the internal risk management framework adopted by the Firm.

Prior to accepting an appointment to act as a discretionary manager for a client (the Firm’s clients are the funds it manages), the Firm conducts a full “know your customer” assessment. This is performed so that the Firm understands each client’s investment objectives and is then able to manage the portfolio in a suitable manner.

### Item 17: Voting Client Securities

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It is not the Firm’s policy to engage with issuers or management as we take relatively small positions and are not seeking to add value via our engagement with the issuer. Our typical holding period is between three and six months and so we are not typically long term investors. The Firm does not consult with the funds before exercising any vote but always seeks to vote in a manner that it determines to be in the best interests of its clients.

Under the terms of the Investment Management agreement the Investment Manager has complete discretion in relation to the construction and maintenance of the Funds portfolio. This includes the ability to use a proxy vote on behalf of the Fund in any circumstance.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition.

The Firm does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.