

## **Part 2A of Form ADV: *Firm Brochure***

### **ALAIA CAPITAL, LLC**

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7.25.18

**This brochure provides information about the qualifications and business practices of Alaia Capital, LLC (hereinafter “Alaia” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (203) 608-4576 or at [steve.houston@alaiacapital.com](mailto:steve.houston@alaiacapital.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 Alaia is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Alaia is 226775. Registration with the Securities and Exchange Commission does not imply any level of skill or training.**

## **Item 2. Summary of Material Changes**

This Firm Brochure is our disclosure document prepared according to the United States Securities and Exchange Commission's (SEC) current requirements and rules. The Brochure provides you with a summary of Alaia services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows:

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of the changes in this Item.
- **Material Changes:** Stephen Houston is the new Chief Compliance Officer.

Additional information about Alaia Capital, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Alaia Capital, LLC who are registered, or are required to be registered, as investment adviser representatives of Alaia Capital, LLC.

**Item 3.****Table of Contents**

Item 1.	Cover Page.....	1
Item 2.	Summary of Material Changes .....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	5
Item 6.	Performance-Based Fees and Side-By-Side Management .....	7
Item 7.	Types of Clients.....	7
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9.	Disciplinary Information .....	9
Item 10.	Other Financial Industry Activities and Affiliations .....	9
Item 11.	Code of Ethics, Participation in Client Transactions and Personal Trading ....	9
Item 12.	Brokerage Practices .....	11
Item 13.	Review of Accounts.....	11
Item 14.	Client Referrals and Other Compensation.....	11
Item 15.	Custody.....	11
Item 16.	Investment Discretion.....	12
Item 17.	Voting Client Securities.....	12
Item 18.	Financial Information .....	12

#### **Item 4. Advisory Business**

Alaia Capital, LLC (“Alaia” or “we”) is a limited liability company organized in the state of Delaware in March 2015 and a SEC-registered investment adviser. Alaia was formed by Paul Koo and Oscar Loynaz. Oscar Loynaz is the Chief Executive Officer. The parent company of Alaia Capital, LLC is Wescog Holdings, LLC. Stephen Houston is Alaia’s Chief Compliance Officer (“CCO”). SEC registration itself does not require and should not be interpreted to imply any particular level of skill or training. Alaia’s principal place of business is located in Darien, Connecticut.

Alaia is an independent financial services firm that focuses on innovative and alternative investment solutions. The company is led by senior Managing Directors from top tier global investment banks with strong product/derivatives backgrounds, having built and led derivatives and structured products desks for several large dealers in the Americas and globally. The primary focus of the company will be to act as advisor or sub-advisor to a series of clients such as, but not limited to, Unit Investment Trusts (“UITs”), private funds, mutual funds, and high net worth individuals.

Alaia primarily provides portfolio consultation, depositor/sponsor, supervisory and evaluation services to UITs registered under the Investment Company Act of 1940 and may provide portfolio management and/or advisory to private funds or mutual funds.

UITs are investment companies that offer a fixed, unmanaged portfolio, as redeemable “units” to investors for a specific period of time. The terms and conditions of each UIT will be set forth in their offering and governing documents. UITs are not managed funds and their portfolios are designated to remain relatively fixed. However, the trust may buy or sell securities under limited circumstances to protect the trust, to make required distributions or avoid imposition of taxes on the trust or as otherwise permitted by the trust agreement. Alaia’s supervisory and administration services with respect to UITs consist of monitoring UIT portfolios for such events and making determinations with respect to such portfolios in a manner consistent with the investment objective of the UIT, governing documents of the UIT and applicable law. Where Alaia acts as evaluator to a UIT, its evaluation services consist of the valuation of each security in the trust’s portfolio on a daily basis and providing such valuations to the trustee to calculate the UIT’s daily net asset value. Alaia may use certain independent pricing services in the course of providing evaluation services to the UITs. Alaia may also perform the services of portfolio consultant or security selector to the UITs. Such services include determining the composition and breakdown of the different securities that a UIT may have to purchase or sell during its initial period of formation in order to meet the overall investment guidelines set forth in the UIT documents. Other non-affiliated broker dealers may perform the services of depositor/sponsor to the UITs. This will entail directing the actual purchase and sale of the securities to be bought and sold by the UITs via a designated or approved broker dealer. A depositor/sponsor will direct the purchase of securities and deposit into a trust, receive units of the trust, and generally sell those units to the public. The depositor/sponsor creates a trust and appoints trustee to act as custodian by holding securities in the trust. The trustee

provides fund administration services and normally acts upon instructions from the depositor/sponsor.

Alaia may provide portfolio management and/or advisory services to private funds and/or to mutual funds. Different from the services rendered under the UITs, Alaia may provide advisory services to either private funds or mutual funds that are registered or not under the Investment Company Act of 1940. Such advisory services may include, but are not limited to, the management of the underlying assets of such funds to meet the overall stated investment objectives under the fund's documents. Such investment objectives may follow the systematic application of certain asset composition guidelines based on a particular set of market factors or may be at the full discretion of Alaia. Consequently, unlike the UITs, the fund's portfolios will not be fixed and the funds will be actively managed. Alaia does not manage assets for individual clients at this time.

#### Services Limited to Specific Types of Investments

Alaia generally limits its investment advice, overall advice and strategy to UITs and potentially to various funds including private funds, hedge funds, and mutual funds.

#### Regulatory Assets Under Management

As of 12/31/2017 we were actively managing \$0 of clients' assets on a discretionary basis and \$0 on a non-discretionary basis.

### **Item 5. Fees and Compensation**

Generally, Alaia's advisory fees are based on a percentage of assets under management as well as fixed fees. Fees and services may be negotiated and may vary based on factors such as client type, product type, asset class, pre-existing relationship, service levels, portfolio complexity, number of accounts, account size, anticipated future earning capacity, anticipated future additional assets or based on other special client circumstances or requirements. Some clients may pay higher or lower fees than other clients. Related accounts may be aggregated for fee calculation purposes in certain circumstances at the discretion of Alaia.

Fees and related terms of payment of such fees for all Alaia advisory services are governed by the written terms of the applicable agreement(s).

#### UIT Supervisory, Administration, Evaluation, Portfolio Consultant

Alaia's fees for portfolio supervisory, administration, evaluation, and portfolio consultant services to UITs are generally assessed as an amount per unit of UIT issued. The amount and method of payment of such fees are specified in the written offering and governing documents of each corresponding UIT. These fees will be detailed in the written documents governing the UITs and will vary depending on the complexity, tenor and size of the particular UITs.

### Private or Mutual Fund Fees

Alaia's fees for private or mutual fund portfolio advisory services, if any, will be a percentage of overall assets under management of each fund and may be comprised of on-going management fees assessed on a monthly basis, and/or overall performance fees assessed periodically on the particular returns of a portfolio. These fees will be detailed in the written documents governing the funds and may vary depending on the complexity, size, and other factors of the particular funds.

### Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### Negotiability of Fees

In certain circumstances, fees may be negotiable. Alaia may group certain related client accounts for the purposes of determining the annualized fee. Further, the UITs may waive or discount advisory fees for family members and friends of the owners and employees of our firm. These fee waivers or discounts are not generally available to all advisory clients of Alaia.

### Fee Calculation

The UIT fee charges are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended). Such may not be the case for services rendered for the private funds or mutual funds.

### Termination of Advisory Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice and subject to the specific timeframes delineated in the UIT, private fund, or mutual fund documents. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses that may be charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. Please refer to Item 12 of this Brochure for additional information about our brokerage practices.

### Limited Prepayment of Fees

Under no circumstances does Alaia require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Alaia does not charge performance fees at this time. However, if Alaia should offer clients certain private funds or mutual funds, Alaia may at times charge performance fees at the request of the client based on a share of capital gains on or capital appreciation of the assets of a client.

Side-by-Side Management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements. Alaia may have these relationships and certain side-by-side management potential or actual conflicts of interests to the extent that Alaia may have several types of clients including private funds which may have performance fee arrangements. Conflicts of interest, if any, will be fully disclosed to the client prior to accepting any funds for investment.

The client must understand the proposed method of compensation and its risks prior to entering into the contract which is provided to the client in writing Performance-based fees will only be charged in accordance with the requirements of the Investment Advisers Act of 1940. Principals of our firm may, and do, invest alongside our clients on occasion.

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

Alaia provides various advisory services to UITs and may provide various advisory services to private funds and mutual funds. Clients may include investment companies, pooled investment vehicles (other than investment companies), corporations, and other investment advisors. Private fund clients, if any, are intended to be qualified clients under 205-3(d) of the Investment Advisers Act.

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

Alaia employs the following types of analysis to formulate client recommendations:

For each UIT, Alaia's methods of analysis include, but are not limited to, understanding overall market conditions as well as sub sectors of the market to then determine appropriate investment strategies in order to meet certain objectives. These strategies may include the use of a variety of securities including equities, fixed income, and derivatives. As such, there will be significant qualitative and quantitative analysis in proper security selection, and/or structure of the portfolio for each strategy underlying each UIT. These strategies will seek to follow the overall investment guidelines set forth in their respective UIT documents.

As explained earlier, Alaia may provide portfolio management and/or advisory services to private funds or to mutual funds that are registered or not under the Investment Company Act of 1940. Such advisory services may also include, but are not limited to, the management of the underlying assets of such funds to meet the overall stated investment objectives under the fund's documents. Such investment objectives may follow the systematic application of certain asset composition guidelines based on a particular set of market factors or may be at the full discretion of Alaia. Consequently, unlike in the case of UITs, the fund's portfolios will not be fixed and the funds will be actively managed.

### **Risk of Loss**

**Market:** Either the stock market as a whole, or the value of an individual company, will fluctuate in value. This risk will cause a client's investment portfolio to increase or decrease in value. This is also referred to as systemic risk.

**Equity (Stock) Market:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confident in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Industry:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

**Derivatives:** Derivatives may be subject to greater fluctuations in value than investment in the underlying securities. Purchasing and selling derivatives are highly specialized activities and entail greater than ordinary investment risk.

**Fixed Income:** When investing in bonds, there is the risk that the 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.

**UITs:** When investing in a UIT, the risks may include price volatility, economic conditions, no guarantee of dividends (when investing in equities), concentration risk, legislation, and litigation. Appropriate risk factors will be disclosed in the applicable prospectus.

**Mutual Funds:** When investing in a mutual fund, there are additional expenses based on the pro rata share of the mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying securities the mutual fund holds.



**Private Funds:** Investing in private funds carries certain risks including liquidity, credit, market, refinancing, operational, currency, control, and transparency.

**Dependence on Management:** The success of Alaia may be highly dependent on the expertise and performance of the principal officers. The loss of one or more of these individuals could have a material adverse effect on the performance of the adviser.

**Risks in General:** Investments are not guaranteed and you may lose money on your investments. Past performance is not a guarantee of future performance. Investors or prospective investors should carefully review all of the offering and organizational documents and annual and semi-annual reports for any UIT or investment fund(s) under consideration for investment for a detailed explanation of many of the risks associated with any particular investment.

*Clients should understand that investing in any securities including UITs, equities, fixed income, mutual funds, derivatives, and private funds involves a risk of loss of both income and principal that a client must be prepared to bear.*

#### **Item 9. Disciplinary Information**

Registered investment management firms are required to disclose any material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. Alaia has no reportable disciplinary or legal events to disclose.

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

Alaia provides various services and has material business arrangements with affiliated and unaffiliated entities in connection with such services. Oscar Loynaz and Stephen Houston are registered representatives of Beech Hill Securities, Inc. Furthermore, the parent company of Alaia Capital, LLC is Wescog Holdings, LLC, of which Oscar Loynaz is a Principal.

#### **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

##### **Code of Ethics Disclosure**

Alaia has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, the Code

of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics also provides for oversight, enforcement and recordkeeping. A copy of Alaia's Code of Ethics is available to our advisory clients and prospective clients upon request to the Chief Compliance Officer, at the firm's principal office address or via email: [steve.houston@alaiacapital.com](mailto:steve.houston@alaiacapital.com).

Alaia or individuals associated with our firm may buy or sell securities identical to those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

No supervised person shall purchase or sell, directly or indirectly, any security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial interest within a determined amount of calendar days after any client trades in that security unless all of the transactions contemplated by the client in that security have been completed prior to such transaction. If a securities transaction is executed by a client within the prohibited time period after an access person executed a transaction in the same security, the CCO shall review the supervised person's and the client's transactions to determine whether the supervised person did not meet his or her fiduciary duties to the client in violation of the Code of Ethics.

As certain situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client.
2. Alaia maintains records of securities transactions and holdings for anyone associated with our business with access to advisory recommendations. Holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Alaia emphasizes the unrestricted right of the client to decline to implement any advice rendered.
5. Any individual not in observance of the above may be subject to disciplinary action or termination.

## **Item 12. Brokerage Practices**

Alaia does not engage in any trading of client investment portfolios. As disclosed in Item 4, Alaia primarily provides advisory and sub-advisory services to UITs and potentially to private funds, and mutual funds.

### **Soft Dollars:**

Alaia does not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

### **Brokerage for Client Referrals:**

Alaia does not consider when selecting or recommending broker-dealers, whether Alaia or a related person may receive client referrals from a broker-dealer or third party.

### **Directed Brokerage:**

Alaia does not request or require that a client direct Alaia to execute transactions through a specified broker-dealer.

Alaia may negotiate arrangements with certain unrelated FINRA-member broker dealers, to provide custodial and brokerage services. Alaia clients in need of brokerage and custodial services may have these broker-dealers recommended to them. Alaia evaluates the recommended broker-dealers and will only recommend if it believes that the broker-dealers will provide clients with a blend of execution services, commission costs and professionalism that will assist Alaia in meeting its fiduciary obligations to clients.

## **Item 13. Review of Accounts**

Stephen Houston, CCO and Oscar Loynaz, CEO are responsible for client account reviews. These individuals will continuously and daily monitor the underlying securities in the UITs as well as private funds, and mutual funds, if any. Similarly, the administrative, evaluation, and security selection/portfolio consultant services will receive daily monitoring.

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

Other than already described in this Brochure, Alaia does not receive any additional compensation from third parties for providing investment advice to our clients, and we do not compensate anyone for client referrals.

## **Item 15. Custody**

Custody is defined as any legal, actual or constructive ability by our firm to access client funds or securities. Alaia does not have custody of any client funds or securities.

Alaia urges all of our clients to carefully review and compare their Alaia quarterly reviews of account holdings and/or performance results to those they receive from their custodian.

**Item 16. Investment Discretion**

As noted in Item 4, Alaia primarily provides advisory and sub-advisory services to UITs and may also provide them to private funds and mutual funds. Alaia does not accept discretionary authority to manage securities accounts on behalf of clients that invest in UITs.

Alaia may provide discretionary advisory services to certain private fund and mutual fund clients. Alaia's discretionary authority may include the ability to determine the security to buy or sell and/or determine the amount of the security to buy or sell as well as the price. Private and mutual funds may give us discretionary authority when they sign written agreements with Alaia and may limit this authority by providing us with written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

**Item 17. Voting Client Securities**

As a matter of firm policy, our firm does not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting.

Alaia will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

Alaia clients may obtain a copy of our complete proxy voting policies and procedures by contacting Alaia administration directly.

**Item 18. Financial Information**

Under no circumstances will we collect fees in excess of \$1,200 more than six months in advance of services rendered.

As a registered investment management firm, Alaia is required in this Item to provide you with information about any financial condition or financial commitment likely to impair our ability to meet our contractual and fiduciary commitments to our clients. Alaia and its principals have no financial events or proceedings to disclose.