

## **Part 2A of Form ADV**

### **Firm Brochure**

**August 30, 2018**

#### **Quantinno Capital Management LP**

**12 East 49<sup>th</sup> Street, 11<sup>th</sup> Floor**

**New York, New York 10017**

**Tel: +1-212-313-9431**

This brochure provides information about the qualifications and business practices of Quantinno Capital Management LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at +1-212-313-9431. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

**Item 2.      Material Changes**

This is the initial filing of the Form ADV Part 2A for the Adviser and as such, there are no material changes to report. In the future, this Item will discuss only specific material changes that were made to the brochure and will provide a summary of such changes.

**Item 3. Table of Contents**

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

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

The Adviser is an investment adviser with its principal place of business in New York, New York. The general partner of the Adviser is Quantinno Capital LLC. Hoon Kim is the managing member of the general partner of the Adviser. The Adviser expects to commence operations as an investment adviser on or about October 1, 2018. As a result, certain responses contained herein are based on the Adviser's expectations with respect to its investment advisory business.

The Adviser will provide investment advisory services on a discretionary basis to its clients. Initially, the Adviser will have one client, a pooled investment vehicle intended for a limited number of sophisticated investors (a "Fund" and collectively with any future pooled investment vehicles, the "Funds"). The Adviser may also in the future serve as investment manager to other client accounts, including separately managed accounts for institutional investors (collectively with the Funds, the "Clients").

The Adviser will provide advice to the Fund based on specific investment objectives and strategies described in the Fund's offering memorandum. The Adviser will not tailor advisory services to the individual needs of investors in the Fund ("Fund Investors"), and Fund Investors may not impose restrictions on investing in certain securities and other financial instruments or certain types of securities and other financial instruments.

The Fund may enter into agreements, or "side letters," with certain prospective or existing Fund Investors whereby such Fund Investors, including such persons that may be affiliated with the Adviser or its related persons, may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal rights, including those relating to frequency or notice; a reduction or rebate in fees or incentive compensation to be paid by the Fund Investor and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Fund Investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such Fund Investors. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the Fund Investor's investment in the Fund or affiliated investment entity, an agreement by a Fund Investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by a Fund Investor.

The Adviser does not currently manage any assets. In accordance with Rule 203A-2 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Adviser anticipates that it will amend this brochure within 120 days of registration to indicate that it has met the asset eligibility requirements for registration.

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

*Asset-Based and Performance-Based Compensation.* The fee schedule for the Fund is described in detail in the Fund's offering memorandum. All Fund Investors will be "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") or "knowledgeable employees" as defined in Rule 3c-5 under the Investment Company Act.

As a general matter, the Fund will pay the Adviser an asset-based investment management fee each quarter in advance based on the value of each Fund Investor's capital account in the Fund on the first business day of each quarter and adjusted for contributions or subscriptions and withdrawals or redemptions made during each quarter (the "Management Fee"). The Adviser may elect to reduce, waive or calculate differently the Management Fee with respect to any Fund Investors, including without limitation, members, principals, employees or affiliates of the Adviser or Quantinno Capital Fund GP LLC (the "General Partner"), an affiliate of the Adviser, relatives of such persons, and for certain large or strategic investors.

The Fund will be required to pay the Management Fee in advance. In the event of a withdrawal from the Fund other than the end of a quarter, any Management Fees will be pro-rated and the excess returned to the withdrawing Fund Investor.

As a general matter, the General Partner will be entitled to receive annual performance-based compensation (the "Incentive Allocation") from the Fund, which is compensation that is based on a share of net profits, if any, allocated to each Fund Investor's capital account (including realized and unrealized gains and losses). The Incentive Allocation is subject to a loss carryforward provision. The General Partner may, in its sole discretion, elect to reduce, waive or calculate differently the Incentive Allocation with respect to any Fund Investors, including without limitation members, principals, employees or affiliates of the Adviser or the General Partner, relatives of such persons, and for certain large or strategic investors.

The Management Fee and any Incentive Allocation will be deducted from the Fund's account by the Fund's administrator pursuant to instructions from the Adviser. Fund Investors will not have the ability to choose to be billed directly for fees incurred.

*Expenses.* In addition to bearing the Management Fee and Incentive Allocation, if any, the Fund will also be subject to other expenses related to its investments and operations, such as Fund-related legal, accounting (including third-party accounting services), administration, audit and other professional fees and expenses, organizational expenses, research fees and expenses (including Bloomberg and similar subscriptions and data services); expenses incurred in respect of statistical and pricing services or software; portfolio valuation expenses (including data feeds and third-party valuation agents); investment expenses such as commissions, interest on margin accounts and other indebtedness; borrowing charges on securities sold short; insurance costs (including D&O and E&O insurance); compliance expenses of the Fund including expenses related to various filings (or portions thereof) that the Adviser is required to make as a result of managing the Fund's portfolio, such as Section 13 and Section 16 Filings, Form PF and fees and expenses relative to registration, filing and/or reporting requirements in any jurisdiction in which Fund interests are offered or sold, custodial fees, bank service fees and other expenses related to the purchase, sale, preservation or transmittal of Fund assets.

The allocation of expenses by the Adviser between it and the Fund and, in the future, among other Clients represents a conflict of interest for the Adviser. The Adviser will adopt an expense allocation policy that is designed to address this conflict. The Adviser will allocate expenses to each Client in accordance with the Client's offering documents or the investment management agreement between the Client and the Adviser. The Adviser will seek to allocate any shared expenses for products and services benefitting multiple Clients or both the Adviser and a Client, and not covered in the Client's offering documents or investment management agreement, in a fair and reasonable manner.

More detailed information regarding the fees and expenses paid by the Fund may be found in the offering documents of the Fund.

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

As noted above in Item 5, the General Partner, an affiliate of the Adviser, will be entitled to receive the Incentive Allocation from the Fund. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

Currently, the Adviser intends to manage assets only for the Fund, and therefore does not anticipate any conflict of interest with respect to managing assets for multiple Clients with different performance-based compensation arrangements. The Adviser will establish order aggregation and allocation policies and processes designed to address the potential conflicts of interest if the Adviser were to manage multiple Clients with different performance-based compensation arrangements. These policies and procedures are designed to ensure that the Adviser allocates investment opportunities on a fair and equitable basis among its Clients.

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

As noted in Item 4 above, the Adviser will initially have one Client, but currently has no Clients. Any initial and additional subscription minimums with respect to an investment in the Fund are disclosed in the offering memorandum for the Fund.

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

### ***A. Methods of Analysis and Investment Strategies.***

#### **Investment Objective and Strategy**

The Adviser intends to (a) achieve positive total returns and (b) produce low to zero correlation to other traditional and non-traditional investments. The Adviser will seek to achieve these objectives by developing and running systematic investment processes and utilizing quantitative return forecasting models, systematic risk control and sophisticated tax-aware portfolio optimization methods to take active long and short equity positions primarily on United States exchanges. The Adviser will seek to operate Client portfolios with low beta relative to the broader equity market (i.e., the Adviser will seek to achieve a beta close to zero). In addition, the Adviser may from time to time trade in futures and other derivative products in its sole discretion. The Adviser may also invest excess cash in short-term liquid instruments, including U.S. government securities, bank deposits, money market instruments and similar financial products. Client assets may also be held in cash for margining and collateral requirements. While the Adviser will seek to deliver positive total returns, the Adviser will also actively consider the tax consequences of trades in the management of Client portfolios such that the portfolios may generate lower realized capital gains or higher realized capital losses. The Adviser will use leverage in connection with investments and such leverage may arise from borrowing, short selling physical securities and/or the use of derivative instruments (such as futures). Such leverage will be limited such that gross exposure will generally not exceed 600% of Client assets.

As described above, in addition to seeking to achieve the positive total returns with low correlation to traditional and non-traditional investments, the Adviser will actively consider the tax consequences of trades in the management of Client portfolios. In particular, Clients will generally seek to defer the realization of capital gains while also accelerating the realization of capital losses, particularly with respect to Clients' short investments. Portfolio optimization components of a Client's investment strategy will be considered holistically by the Adviser in a systematic process, whereby the advantages of the systematic investment selection strategy and tax loss harvesting, along with expected transaction costs, financing costs, and investment constraints are balanced against estimates of correlation and risk to evaluate and determine a Client's investments. Accordingly, a Client may hold positions for a longer or shorter period of time than it otherwise would have if its investment strategy did not contain a portfolio optimization component. Further, there is no guarantee that a Client will be successful in optimizing tax efficiency or that there will be sufficient capital losses for a Client to realize.

The specifics of the Adviser's investment process and risk management are described in greater detail in the Fund's offering documents.

### ***B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.***

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. An investment in the Fund may be deemed to be highly speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in such investment. Fund Investors should refer to the Fund's governing

documents for a complete understanding of the Adviser's investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.

### **Market Neutral Risk**

The types of trading risks incurred by market-neutral strategies generally relate to either spreads or price differentials between related securities and/or their derivatives, or the volatility of security prices or spreads or the level of market liquidity. At times of heightened systemic market risk these market neutral risks tend to increase which may lead to underperformance of a market neutral portfolio. In addition, other risks common to such a portfolio may include credit spread risk and credit default risk. The market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### **Algorithmic Trading; Systems Risk**

The success of a Client is dependent upon the expertise of the Adviser combined with the efficacy and availability of the software and automated trading systems utilized by the Adviser in managing Client assets. The Adviser's investment strategy involves active trading in part through the use of automated trading systems. Such active trading presents the risk of large, immediate losses. Automated trading systems, no matter how convenient or efficient, do not reduce risks associated with active trading. There can be no guarantee that the software and automated trading systems will achieve their intended objectives.

As with all facilities and systems, the Adviser's trading systems, hardware, and software (as well as those of its and the Clients' service providers) are vulnerable to temporary disruption, failure, inaccuracies, and/or security breaches, including, but not limited to: communication failures or inaccuracies; security quotation and data errors (whether as a result of software errors, automatic price or data misfeeds, or a dealer's mistype or mistake); system or software crashes; distortions; viruses; stolen passwords and/or unauthorized trades; signal power disruptions; and failures of Internet reception or routing. In addition, certain of the Clients' and the Adviser's operations interface with or depend on systems operated by third parties and Clients or the Adviser may not be in a position to verify the risks or reliability of such third-party systems. System delay or failures can have negative results on investment selection and execution. The result of any system related failure may include, but not be limited to: trades being executed without the Adviser's authorization; trades not being executed according to the Adviser's instructions or criteria; or trades not being executed at all. Any such failure could have a significant negative impact on Clients. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, reporting or processing of trades and/or cause inaccurate reporting, which may affect a Client's ability to monitor the risks associated with its investment portfolio. A Client's ability to recover certain losses or foregone profits due to such disruptions and failures may be subject to limits on liability imposed by system providers, the market, financial institutions, and/or the clearing house. In the absence of recovery, Clients will bear the risks and losses of any system delays or failures, including, but not limited to, the system delays or failures described herein.

### **Model Risk**

The Adviser's investment strategy is based substantially upon a number of quantitative approaches, systematic analysis, algorithms or other models. As with any model-driven or other quantitative strategy, the Adviser's investment strategy and its resulting performance are subject generally to model risk (i.e., the consequences of any inaccuracy, flaw or limitation of the quantitative model). Models are generally based upon historical data, which is not indicative of the future performance of any investments in a portfolio. The Adviser is continually engaged in the evaluation and refinement of investment models reflected in its strategies. It may also modify existing models, discontinue use of certain models or add other models or other investment methodologies in the future. Models to be employed by the Adviser are intended to identify and capture favorable investment opportunities or to limit certain types of risks, or possibly both. However, there is no assurance that the use of any such models will necessarily fulfill their intended objectives or assure investment success in future markets and environments.

### **Nature of Investments**

The Adviser has broad discretion in making investments for its Clients. Investments will generally consist of securities, financial instruments and other assets and liabilities that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Adviser's activities and the value of its investments. No guarantee or representation is made that the Adviser's investment objective will be achieved.

### **Equity-Related Instruments in General**

The Adviser may cause Clients to use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### **Frequent Trading**

The nature of a Client's investment program may require the Client to engage in relatively frequent trading. As a result, the commissions payable by the Client may be substantially in excess of those normally paid by funds of comparable size as the Client.

### **Small-to-Medium Capitalization Companies**

The Adviser may invest a portion of a Client's assets in the securities of companies with small-to-medium-sized capitalizations. These securities, particularly those of smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of such securities are often more volatile than prices of large-capitalization companies. In addition, due to thin trading in such securities, an investment in these securities may be more illiquid than those of larger capitalization companies.

### **Options**

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **U.S. Government Securities**

Clients may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. Clients may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero



coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

### **Derivatives**

Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

### **Tax Risks**

There can be no guarantee that certain tax positions taken by Clients will not be challenged by the Internal Revenue Service or determined to be incorrect by a court. The Adviser will largely seek for Clients to avoid straddles and wash sales, but there can be no guarantee that they will be able to do so. If the straddle or wash sales rules apply, the after-tax returns of Clients would be adversely affected due to the deferral of certain losses.

### **Use of Leverage; Availability of Credit**

Clients may utilize leverage. Leverage increases a Client's returns if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds and (iv) fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In the event of a sudden, precipitous drop in value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for a Client. In such event, the Client could find it difficult to implement components of its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind a Client's positions quickly and at prices below what the Adviser deems to be fair value for such positions.

As a general matter, the banks and dealers that provide financing to a Client can apply essentially discretionary margin, haircut financing as well as security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel a Client to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Client's equity.

### **Short Selling Risk**

The Adviser may engage in short selling on behalf of a Client. Short selling transactions expose the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Client might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### **Market Risks**

The profitability of Clients' investment programs depends upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements.

### **Futures**

Trading in futures contracts are highly specialized activities that may entail greater than ordinary investment risks. Futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin of deposit normally required in futures trading, a high degree of leverage is typical of a futures trading account. Consequently, a relatively small price movement in a futures contract may result in substantial losses to the trader. Futures trading may also be illiquid. Certain commodity exchanges do not permit trading in a particular type of future beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits – which conditions have in the past sometimes lasted for several days in certain contracts – a Client could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

### **Counterparty and Settlement Risk**

To the extent that a Client invests in derivatives, "synthetic" instruments, other over-the-counter transactions or non-U.S. securities, the Client may take a credit risk with regard to parties with which it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Any such default by a trading counterparty could result in losses to the Client due to the delay of settlement of a transaction, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction.

### **Brokerage and Custodial Risk**

There are risks involved in dealing with the custodians or prime brokers who settle Client trades. Under certain circumstances, including certain transactions where Client assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client, and hence the Client could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Client's rights to their assets in the case of an insolvency of any such party. Although the Adviser will select custodians and prime brokers for the Client that it believes are appropriate and will monitor them, there is no guarantee that the custodians and prime brokers that the Client may use from time to time will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor

Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to their assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

A Client and/or the custodians and prime brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Client. The custodians and prime brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Client. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of a Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing a Client's rights to its assets in the case of a bankruptcy or insolvency of any such party.

### **Cybersecurity Risk**

The information and technology systems of the Adviser and of key service providers to the Adviser and the Clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or the Clients and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

### **Risk Management Failures**

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

### **Systems and Operational Risk**

The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and the Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in a Client's operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, the Clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware

and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of a Client's trading activities, liability under applicable law, regulatory intervention or reputational damage.

### **Valuation of Portfolio Holdings**

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

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

Neither the Adviser nor any of its management personnel are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, and neither the Adviser nor any of its management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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

Neither the Adviser nor any of the Adviser's management personnel have any relationships or arrangements that pose material conflicts of interest to the business of the Adviser.

While the Fund may trade commodity interests, the Adviser (and its affiliates) are exempt from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

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

**A. Code of Ethics.** Pursuant to Rule 204A-1 of the Advisers Act, the Adviser will adopt a Code of Ethics (the "Code") that obligates the Adviser and its supervised persons to put the interests of the Adviser's Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. The Code will include provisions regarding general standards of conduct, as well as a number of specific issues including compliance with federal securities laws; personal trading of securities; private investments by employees; employee outside business activities; and gifts and entertainment. Each of our principals and employees must acknowledge their understanding of, and agree to comply with, the Code initially upon employment and affirm on an annual basis that they have read and understand the Code and have complied with it. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with applicable federal securities laws. The Adviser will provide a copy of the Code to Fund Investors or prospective Fund Investors upon request. See below for further provisions of the Code as they relate to securities transactions by the Adviser's supervised persons.

**B. Material Non-Public Information.** While it is not expected to do so, if the Adviser comes into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client, the Adviser will be prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser will maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law.

**C. Personal Trading.** The Adviser will require its supervised persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the

transaction if such transaction will have any adverse economic impact on one of its Clients. All of the Adviser's supervised persons will be required to disclose their securities transactions on a quarterly basis by providing transaction reports or duplicate copies of brokerage statements to the Chief Compliance Officer. In addition, the Adviser's supervised persons will be required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. Trading in the personal accounts of the Adviser's supervised persons will be reviewed by the Chief Compliance Officer and compared with transactions for Client accounts.

***D. Investments Not Suitable for Funds.*** From time to time, the Adviser may become aware of certain investment opportunities in which the Clients may not be given an opportunity to participate (e.g., for investments that are deemed not suitable for a Client). The Adviser may, however, offer such opportunities just to certain Fund Investors, other Clients, its employees and affiliates, or third parties, and therefore it is anticipated that not every Fund Investor or Client will be given an opportunity to participate in such investments.

## **Item 12. Brokerage Practices**

The Adviser has full discretionary authority to manage the Fund, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. In selecting a broker-dealer to execute transactions, the Adviser will seek to obtain "best execution" meaning, generally, the execution of a securities transaction for a Client in such a manner that a Client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, the Adviser will consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer will evaluate the broker-dealers used by the Adviser to execute Fund trades using the foregoing factors.

The Adviser may receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing

settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

If the Adviser were to use Client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer would review and evaluate soft dollar practices and determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services are reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination by the Adviser of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and Clients.

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

Each Client account will be reviewed by the investment team of the Adviser, on at least a monthly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed may include, among others, specific securities held, adherence to investment guidelines and the performance of each Client account.

Fund Investors will receive periodic performance reports from the Adviser pursuant to the terms of the Fund's offering documents, as well as an annual financial report audited by the Fund's independent auditors.

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

The Adviser may receive certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its Clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices, including the Adviser's procedures for addressing conflicts of interest that arise from such practices.

The Adviser does not currently have any arrangements in place to compensate anyone or be compensated for the referral of Clients or Fund Investors.

## **Item 15. Custody**

An affiliate of the Adviser will be deemed to have custody of Client assets due to serving as the general partner to a limited partnership and intends to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the “Pooled Vehicle Annual Audit Exception”. Such Rule requires that the Fund be subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with generally accepted accounting principles in the U.S., and will be distributed to each Fund Investor within 120 days of the Fund’s fiscal year end.

## **Item 16. Investment Discretion**

The Adviser has discretionary authority to determine which securities and the amounts of securities that are bought or sold, as well as the broker-dealer to be used and the commission rates to be paid. Fund Investors generally do not have the ability to place any limits on the Adviser’s authority beyond the limitations set forth in the Fund’s offering and governing documents. Prior to assuming full discretion in managing a Client’s assets, the Adviser will enter into an investment management agreement or other agreement that will set forth the scope of the Adviser’s discretion.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser’s error correction procedure is to ensure that Clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a Client account incurs a trade error as a result of the Adviser’s gross negligence, willful misconduct or violation of the standard of care that is applicable to the Client account, the Adviser will reimburse the Client. Trade errors that do not result from the Adviser’s gross negligence, fraud, willful misconduct or other standard of care applicable to the Client account are borne by the Client account. Fund Investors should refer to their Fund offering and governing documents for further disclosures with respect to trade errors.

Allocations will be made among Client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Client’s investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Fund Investor’s status as a “*restricted person*” under applicable regulations.

## **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of its Clients.

In this regard, the Adviser will abstain from voting or affirmatively decide not to vote if the Adviser determines that abstention or not voting is in the best interests of the Client. In making this determination, the Adviser will consider various factors, including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. The Adviser may determine not to vote proxies relating to securities in which Clients have no position as of the receipt of the proxy (for example, when the Adviser has sold, or has otherwise closed, a Client position after the proxy record date but before the proxy receipt date).

In voting proxies, the Adviser may utilize the services of a third-party proxy agent.

If a material conflict of interest between the Adviser or a third-party proxy agent and a Client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the Client or take some other appropriate action.

Fund Investors may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a Client's proxies by contacting the Chief Compliance Officer of the Adviser.

**Item 18. Financial Information**

This Item is not applicable.

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