



Blueshift Asset Management, LLC
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March 29, 2019

This brochure provides information about the qualifications and business practices of Blueshift Asset Management, LLC ("Blueshift"). If you have any questions about the contents of this brochure, please contact us at ria@blueshift.am.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Blueshift is an investment advisor registered with the SEC. Registration as an investment adviser with the SEC or any state securities authority does not imply a certain level of skill or training for Blueshift or its personnel.

Additional information about Blueshift Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This section of Blueshift's brochure discusses only material changes since the Firm's last annual update dated February 14, 2018.

- Item 4 - Advisory Business - Has been updated to reflect that Blueshift is not currently, but may in the future, providing advisory services on a discretionary basis to separately managed accounts.
- Item 4 - Advisory Business - Has been updated to reflect Blueshift's current regulatory assets under management ("RAUM"). The regulatory assets under management reflected in this brochure are as of December 31, 2018.
- Item 10 - Other Financial Industry Activity and Affiliations – Has been updated to reflect that Blueshift is now affiliated with a new Broker-Dealer entity under common control.

Other amendments have been made to this brochure that are not deemed material and therefore, Blueshift encourages investors to review this updated brochure in its entirety.

Item 3 - Table of Contents

ITEM 2 - MATERIAL CHANGES.....	II
ITEM 3 - TABLE OF CONTENTS.....	III
ITEM 4 - ADVISORY BUSINESS.....	1
ITEM 5 - FEES AND COMPENSATION	3
ITEM 6 — PERFORMANCE BASED FEES AND SIDE-BY-SIDE ACCOUNTS	5
ITEM 7 — TYPES OF CLIENTS.....	6
ITEM 8 — METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
ITEM 9 — DISCIPLINARY INFORMATION.....	14
ITEM 10 — OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	15
ITEM 11 — CODE OF ETHICS, PERSONAL TRADING, AND CONFLICTS OF INTEREST	17
ITEM 12 — BROKERAGE PRACTICES	19
ITEM 13 — REVIEW OF ACCOUNTS	21
ITEM 14 — CLIENT REFERRALS AND OTHER COMPENSATION.....	22
ITEM 15 — CUSTODY.....	23
ITEM 16 — INVESTMENT DISCRETION.....	24
ITEM 17 — VOTING CLIENT FUND SECURITIES	25
ITEM 18 — FINANCIAL INFORMATION	26
ITEM 19 — REQUIREMENTS FOR STATE-REGISTERED ADVISERS.....	27

Item 4 - Advisory Business

Blueshift Asset Management, LLC (“Blueshift”), a Delaware limited liability company, was founded in September 2017 and commenced its investment advisory activities on January 8, 2018. Blueshift is an investment adviser located in Red Bank, New Jersey.

Mani Mahjouri, Chief Executive Officer (“CEO”), Chief Investment Officer (“CIO”) and a founder of Blueshift (“Founder”), is the Principal owner of Blueshift.

Blueshift is the Investment Manager to the following investment vehicles, which are collectively referred to as “the Blueshift Funds”: Blueshift Synergy Master Fund, LP, a Delaware limited partnership, Blueshift Synergy Fund, LP, a Delaware limited partnership, and Blueshift Synergy Offshore Fund, Ltd., a Cayman Islands corporation.

Blueshift is a quantitative investment management firm that employs short term strategies that trade listed equities long and short. Currently, funds advised by the Firm trade U.S. listed securities (also known as “stocks”), but there are plans to expand and trade global equities over time. The investment strategy systematizes investment decisions using a quantitative investment process that allows it to track thousands of stocks simultaneously. In constructing signals, Blueshift considers intuitive ideas based on first principles and combining these with an understanding of the market that has been gleaned from its principals’ experience in both quantitative asset management and high-frequency trading. Signals are derived from (1) specific insights that are generally designed to address liquidity dislocations, and (2) inefficiencies in how information is assimilated into stock prices. This results in a large number of signals which, in aggregate, form the overall portfolio.

Blueshift provides advisory services on a discretionary basis to its clients, which include the Blueshift Funds and potential separately managed accounts (“Separately Managed Account”, together with Blueshift Funds, “Client Accounts”). The Blueshift Funds and potential Separately Managed Accounts to which Blueshift provides advisory services are referred to herein collectively as “Clients” and each, as a “Client.”

Blueshift provides advisory services to Clients based on specific mandates, investment objectives, risk parameters, and strategies set forth in each Client’s offering memorandum, investment management agreement, sub-advisory agreement, prospectus and supplemental disclosure document and/or other governing documents, as applicable. Other than the restrictions set forth therein, clients may not impose restrictions on investing in certain securities or certain types of securities.

Blueshift does not participate in wrap fee programs.

Blueshift has registered as an investment adviser with SEC.

As of December 31, 2018, the Firm's regulatory assets under management is \$2,641,853,185. This figure represents the gross assets as reflected on the balance sheet from the Funds's December 31, 2018 audited financial statements. Due to the Fund's high turnover strategy that leads to large cash short term (2 days) receivable and payable amounts on a daily basis, if the receivables and payables were netted together the regulatory assets under management number would be \$1,335,739,247.

Item 5 - Fees and Compensation

The following generally summarizes the fees, expenses, and compensation arrangements related to Blueshift's advisory activities with respect to both Blueshift Funds and potential Separately Managed Accounts. For more detailed information and a complete description regarding each Blueshift Fund's fees and expenses, refer to the Blueshift Fund's offering memorandum.

Blueshift and its supervised persons do not receive compensation for the sale of securities or other investment products.

Management Fees

Blueshift receives an asset-based management fee (the "Management Fee"), payable monthly in advance, which is calculated as a percentage of the Client's assets under management. Investors in Blueshift Funds managed by Blueshift are subject to such Management Fees indirectly through their investment in their respective Blueshift Fund, and such Management Fees typically range from 2% to 3% annually. While typically not expected to be negotiable, Management Fees have, and may in the future, be waived, reduced, or modified by Blueshift for certain Clients or investors of Clients. In addition, Blueshift has, and may in the future, substituted substitute Management Fees in whole or in part with performance-based fees upon agreement in advance with Clients or investors of Clients. The performance fees or allocations borne by Clients are described below in Item 6, "Performance-Based Fees and Side by Side Management".

Other Fees and Charges

Investors in the Blueshift Funds also may bear an early withdrawal charge or similar charge or fee in the event that such an investor redeems its equity interest in such Blueshift Fund (in whole or in part) within certain timeframes, and subject to such other conditions, as set out in the applicable Blueshift Fund's offering memorandum. Such early withdrawal charges may be retained by Blueshift to defray Blueshift's costs and expenses relating to the operation of such Blueshift Fund, as provided in the applicable offering memorandum.

Payment of Fees

Management Fees and Performance Fees (as defined herein) are, (i) with respect to Blueshift Funds, deducted from Client Accounts and, (ii) with respect to potential Separately Managed Accounts, paid by the applicable Client. Management Fees are typically paid monthly in advance. Performance Fees will typically be paid or allocated as of the last day of each calendar year and as of or following any date on which a Client or investor of a Client makes a withdrawal or redemption from such Client Account.

Expenses

Clients incur other expenses in connection with Blueshift's advisory services. Blueshift's fees do not include transaction fees, brokerage commissions, custody fees and other related costs and expenses that are incurred by Clients with respect to the transactions for their account. Clients also bear the investment management or other fees charged by any mutual funds, exchange-traded funds or other collective investment vehicles in which they may invest, as disclosed in the prospectus for the applicable fund.

Expenses to be charged to Client Accounts may include, without limitation: (i) legal and compliance, administration, audit and accounting expenses (including expenses incurred in preparing and/or submitting reports and tax information and regulatory filings; (ii) organizational expenses; (iii) client-related insurance costs; (iv) costs and expenses related to trading; (v) directors' fees and expenses (if any); (vi) the fees payable to Blueshift (e.g., the Management Fee and Performance Fee); (vii) investment expenses (such as commissions, exchange fees, borrowing costs, fees paid to counterparties, and other brokerage costs); (viii) interest on margin accounts and other indebtedness; (ix) custodial fees; (x) bank service fees; (xi) all other ordinary and out-of-pocket expenses of the Client's account; and (xii) extraordinary expenses, including, without limitation, (A) litigation expenses, including expenses of litigation and settlement in connection with any portfolio investment, (B) expenses of registering a Blueshift Fund with any federal or state agency under the requirements of any applicable law, and (C) expenses incurred in connection with the indemnification of Blueshift and its affiliates; and (xiii) any other expenses reasonably related to the purchase, sale or transmittal of Client assets. In addition, Client assets that are invested in a master-feeder structure bear a *pro rata* share of the expenses associated with the related master fund. The expenses to be borne by investors in a Blueshift Fund, including any applicable limitations or caps applicable to such expenses, are described in detail in the Blueshift Fund's offering memorandum.

See Item 6 for discussion of potential conflicts of interest associated with the performance-based compensation received by Blueshift.

See Item 12 for a discussion of brokerage practices.

Prepayment of Fees

Clients are charged Management Fees in advance. If the advisory contract with a Client is terminated, pre-paid fees, if any, will be refunded in accordance with such Client's advisory agreement with Blueshift.

Item 6 — Performance Based Fees and Side-By-Side Accounts

Blueshift generally will receive an annual performance allocation or performance fee equal to a percentage of the net profits, if any, earned by or allocated to each Client or investor of such Client, subject to a “high water mark” or loss carryforward provision (the “Performance Fee”). The percentage of such profits payable or allocable to Blueshift will typically range from 20% to 30%. Blueshift has, and may in the future, waived, reduced, or modified the Performance Fees for certain Clients or investors of Clients.

Any such performance based fees or allocations will only be charged to Clients or investors of Clients who are “qualified clients” as defined in Rule 205-3 of the Investment Advisers Act of 1940 (the “Advisers Act”).

Conflicts of Interest Related to Performance-Based Compensation

The possibility that Blueshift could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Blueshift to effectuate larger and riskier transactions than would be the case in the absence of such form of compensation. In addition, certain Client Accounts may have lower or higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When an adviser manages more than one Client Account with varying compensation arrangements, the potential exists for one Client Account, which pays higher performance-based compensation or asset-based fees, to be favored over another Client Account. Blueshift reviews investment decisions for the purpose of ensuring that all Client Accounts with substantially similar investment objectives are treated equitably over time. Blueshift also allocates transactions in a manner that is equitable and in accordance with its trade allocation policy which is specifically designed to mitigate any potential conflicts of interest.

Item 7 — Types of Clients

Blueshift provides investment advisory services to Blueshift Funds intended for sophisticated investors and institutional investors, as well as potential Separately Managed Accounts. Investors in the Blueshift Funds must meet certain eligibility requirements which generally require an investor to qualify as an “accredited investor” as defined in Rule 501 under Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Investors in Blueshift Funds generally also need to meet additional requirements (unless waived or otherwise agreed to by Blueshift or the directors of such Blueshift Fund) set forth in the constituent documents of such Blueshift Fund, including initial and additional subscription minimums.

In addition to its Blueshift Fund, Blueshift may determine to offer investment advisory services to Separately Managed Accounts owned by other types of clients, including, without limitation, institutional investors, corporations, other private funds operated by third parties, and other business entities. It is anticipated that Separately Managed Account Clients will be required to qualify as “qualified clients” as defined in Rule 205-3 of the Advisers Act. The minimum investment required for Separately Managed Accounts generally will be negotiated between Blueshift and the applicable Client.

Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Blueshift employs short-term strategies that trade listed equities long and short. Currently, the investment manager trades US listed securities, and plans to expand globally over time. There may be future opportunities to trade options, futures, currencies, and fixed income, both in cash and derivative form in a systematic quantitative framework consistent with the principles laid out here:

Blueshift systematizes investment decisions using a quantitative investment process that allows it to track thousands of stocks simultaneously.

In constructing signals, the Blueshift team considers intuitive ideas based on first principles and combining these with an understanding of the market that has been gleaned from its principals' experience in both quantitative asset management and high-frequency trading. Signals are derived from:

- (1) specific insights that are generally designed to address liquidity dislocations, and
- (2) inefficiencies in how information is assimilated into stock prices.

This results in a large number of signals which, in aggregate, form the overall portfolio.

The portfolio employs variable leverage within constraints set by Blueshift, depending on the strength and number of signals that are active.

The portfolio is intended to be, at a minimum, market beta neutral overnight; the majority of the component strategies are additionally intended to be cash- and beta-neutral within each sector and neutral to one-year momentum. "Neutral" means the exposure is near zero within a small tolerance, less than 5% of the gross book. There is no long or short bias; Blueshift targets a net exposure overnight of less than 15% of the value of the Client's account.

The strategy is designed to be neutral to most risk factors, including sector beta and momentum. Many of the signals are information-based and will find more opportunities during times of elevated information flow, such as earnings season. Volatility can be challenging for traditional statistical arbitrage and value models; however, Blueshift blends this with "high-frequency trading"-inspired signals, which Blueshift believes tend to outperform during periods of heightened volatility, providing a natural hedge for this effect.

An important component of the alpha that Blueshift's strategy seeks to generate is liquidity provision. By warehousing risk for short periods of time, the strategy seeks to extract market making alpha, earning a premium for providing liquidity. Blueshift views liquidity as a

commodity: there is a supply curve and a demand curve. The supply is governed by the number of other market makers present as well as the general availability of balance sheet. The demand tends to be a function of volatility and volume - periods of high volume/volatility are typically representative of greater demand. Periods of low volatility and volume reflect lower demand, which effectively lowers the market price of liquidity and lowers the number of opportunities to provide liquidity. This has the effect of making the activity less profitable.

A portion of the signals that make up the strategy are based on a systematic approach to fundamentals, traditionally in the mainstay of discretionary traders. Blueshift strives to identify universal truths that guide the short and medium term valuation of securities and implement them into a disciplined systematic framework. These signals tend to show robust performance throughout history, but can underperform in some market conditions that include:

1. periods of short term duress,
2. periods where correlations between assets are elevated due to global risk aversion,
3. periods where price moves are governed by asset flows,
4. periods of deleveraging in substantially similar strategies.

Investment Risk

Quantitative Strategies. Blueshift engages in process-driven systematic trading based on a quantitative analysis of financial markets. Investment decisions are generated based on quantitative signals. These signals are designed to address perceived inefficiencies through an examination of the underlying fundamentals and of the dynamics that drive securities prices in the market. In constructing these signals, it is difficult to model all aspects of the market, and as a result, the signals cannot adequately address or model all possible outcomes. Furthermore, they are based on assumptions that are derived from an understanding of the market in its past and current forms. Because the market is made up of many different and diverse participants, potentially with diverging goals, the underlying dynamics between these participants can shift suddenly, and without warning. It is difficult to predict how and when such changes may occur, but when they do occur there is a chance that the Blueshift models and the signals thereby derived from them may lose validity. Because the Blueshift models make heavy use of data, it could take time for Blueshift to discern such a change. This is an inherent risk to quantitative strategies, as they require historical data to validate market assumptions.

Investment decisions that are driven by quantitative systematic signals inherently face prediction risk. They consider a number of factors in formulating systematic decisions. These are represented by mathematical formulae which are then applied to data in order to generate a prediction. These predictions are inherently risky and are subject to a high level of statistical error. They are typically based on an understanding that was developed from events that occur with a reasonably high regularity. A limitation of such techniques is that it is not possible to anticipate the effect of events that only occur sporadically, such as natural disasters. The

modelling process makes heavy use of historical data as a guide toward fashioning signals and as a result may suffer inaccuracies that could lead to losses.

Competition and Alpha Decay. Blueshift deploys trading signals that are divined from data sources that may be available to other investment managers as well. There is a chance that by looking at similar data sources, these other firms might construct similar signals, potentially leading to a situation where multiple firms are competing for exposure to a certain position or set of positions. Such competition could act as a force to push security prices in the direction of Blueshift's desired position before it is able to acquire its desired position size, thereby eroding potential returns.

Crowding. Crowding is an additional complication that can arise from Competition and Alpha Decay (which is explained above). It is possible that other investment managers acquire signals similar to the ones that Blueshift utilizes, and in the process, accumulate portfolios that bear similar positions to the ones Blueshift holds for its Clients; in such instances these are referred to as Crowded portfolios. Sudden changes to a Crowded portfolio can impact all parties whose portfolios bear a meaningful correlation. For example, if one investment manager should befall conditions that cause it to quickly liquidate a Crowded portfolio to which Blueshift has exposure, such actions could cause market impact and result in poor performance for Blueshift's Client Accounts.

Turnover, Liquidity, and Regulatory Changes. Blueshift employs trading techniques that result in a high degree of turnover. Clients should therefore expect to incur substantial brokerage commissions, mark-ups and other transaction costs and fees that will be borne by the Client's account, reducing the account's profitability. The Investment Manager takes positions in stocks on the assumption that it can acquire those positions at a cost that is in line with model expectations. Therefore, if for any reason there is a change to the underlying liquidity of the stocks in the tradable universe, this could lead to excessive transaction costs which could lead to signal underperformance and cause Clients to suffer losses.

The liquidity of stocks in the US can be affected by regulations, including, but not limited to: transaction taxes, co-location fees, best execution requirements, trade-through rules, broker-dealer risk checks, etc.

Any change to transaction costs has the chance to disrupt the profitability of the strategy and could lead to losses. Some sources of this risk include: brokerage fees, commissions, fees, and transaction taxes.

Backtesting / Simulation. Blueshift develops models and sets return expectations based on simulation and backtesting. Backtesting and simulation have the following limitations:

1. They are designed with the benefit of hindsight, with limited ability to account for unanticipated events.
2. They do not represent actual trading, only approximations thereof.

3. The interpretation of results is subjective to the researcher.

While Blueshift strives to create an accurate modelling environment for research purposes, there can be no assurance that future performance will match simulated results.

Convergence Risk. In certain strategies, Blueshift employs relative value signals. This means that the portfolio takes a long position in securities that are perceived to be undervalued and a short position in securities that are perceived to be overvalued. If the undervalued stocks appreciate in value and the overvalued stocks depreciate, then Blueshift is able to generate a profit for its Clients. By being both long and short, Blueshift attempts to reduce exposure to risk factors such as market risk. However, these positions can still be risky for a number of reasons. Risk reduction is attempted through a statistical estimation of each position's exposure to various risk factors and such estimations are inherently noisy and error prone. They tend to rely heavily on historical behavior of securities prices, but such behaviors can change suddenly and without warning due to unforeseen market circumstances. Perceived mispricing could fail to converge, or they could fail to converge within a time frame under which it is feasible for Blueshift to maintain a position, leading to losses. Acquiring exposure to these signals involves utilizing leverage, which, under adverse market conditions, could lead these strategies to lose significant amounts of capital.

Leverage. Blueshift utilizes leverage in its strategies. This allows Client assets to represent a larger buying or selling power than the original equity, by borrowing capital, and thereby increases the ability of Blueshift to generate higher returns. This also raises the potential of realizing greater losses than might otherwise be realized by not borrowing. Strategies that employ leverage are susceptible to margin calls, which could lead to premature liquidation of a position or set of positions if there is not sufficient capital to satisfy collateral needs. These strategies also face borrowing costs, which could serve to further erode profits. At high levels of leverage, a sudden drop in portfolio value could be magnified, limiting the ability to liquidate quickly, and further magnifying losses. Credit could be terminated on short notice by lenders, forcing unwind at unfair prices.

Obsolescence. Blueshift creates models that rely on assumptions and observations made in the financial markets. The assumptions underlying these models need to be realistic and remain relevant in order for the signals to generate profitable investment decisions. The financial markets can change very suddenly, due to a variety of factors. When this happens, it can take time for enough data to be available in order that the investment manager is able to assess that there is a new market paradigm. During this time, signals that are based on the old paradigm could face losses.

Technology. As a quantitative investment advisor, Blueshift relies heavily on technology. This includes a reliance on computer programs, computer hardware, and telecommunications systems, herein referred to as ("Technology"). Any malfunctions may impair performances.

Blueshift relies on Technology to facilitate research, forecast security prices, construct portfolios, generate orders, allocate trades, and perform risk management operations, back office, financials, accounting, and other data processing. All of the aforementioned make use of computerized automation, which is facilitated by proprietary and third party software. Blueshift makes efforts to secure and back up these processes and their underlying data, but can make no absolute guarantees as to their safety. Blueshift implements policies that utilize internal testing, real-time monitoring, and internal safeguards, but despite these efforts, such software can be affected by errors, omissions, imperfections, and malfunctions. Such issues present an inherent risk associated with investing in a quantitative investment strategy, and can lead to execution of unanticipated trades, failure to properly gather and organize all available data, failure to take hedging or risk reducing actions, and other effects which can have a material negative impact on performance.

Data. In designing trading strategies, Blueshift collects a significant amount of data from third party and other external sources. As a matter of practicality, it is not possible to use all of this data, so Blueshift exercises discretion on which data it uses. The vast majority of the data is collected via automated processes. As such, it is not possible to guarantee that all of the data is always available at the time of an investment decision. If certain data sources are not available, the investment manager may construct forecasts based on the data that is available at the time. Also, in its sole discretion, Blueshift may decide to discontinue using certain data sources for various reasons including its cost, relevance, competitive product offerings, and other reasons. There are inherent limitations on the accuracy of the data, and inaccuracies can arise at any point in the process of gathering, filtering, cleaning, or analyzing any particular source of data. Blueshift can provide no guarantee that any specific type of data will be utilized, no guarantee that data is accurate, and no guarantee that it is free of errors.

Cybersecurity. Blueshift and its service providers make heavy use of technology to conduct business. As a result, they are susceptible to computer viruses, network failures, computer and telecommunications failures, power outages, and natural catastrophes such as fires, tornadoes, floods, hurricanes, and earthquakes. There is a risk that the investment manager or its service providers may face deliberate attacks, wherein an offender may gain unauthorized access to digital systems and subsequently misappropriate assets, corrupt data, or disrupt operations. There is a risk of denial of service attacks, which could affect websites and make network services unavailable to intended users. Such incidents could result in financial losses, impediments to trading, inability to transact business, violation of applicable privacy laws, regulatory fines, penalties, and reputational damage. Similar incidents could also affect the issuers of securities in which a client invests. There is also a risk that the investment manager could face substantial costs to prevent future incidents.

Risk of Process Changes. Blueshift is an evolving company and as such can make no guarantee that processes will not change over time. This applies to data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, compliance, operations and accounting. Except as restricted by law, Blueshift reserves the right

to make process changes at its absolute discretion. The effects of such changes are unpredictable and may lead to adverse outcomes.

Varying Liquidity Terms. Blueshift advises different clients who could potentially have different liquidity terms. A rapid or large redemption could cause adverse moves to the portfolio and there is a risk that due to their liquidity terms, Clients could face losses in such a scenario.

Short Selling Risk. A short sale is the sale of a security that the portfolio does not own. Blueshift may short sell a security with the expectation of purchasing that security at a later date and at a lower price. In order to do this, Blueshift must first borrow the security, and then faces an obligation to return the security to its lender at a later time. There is a risk that the lender can rescind the loan, forcing the portfolio to repurchase the security at a higher price, resulting in loss. The portfolio must leave proceeds with the broker and cover margin. A short position can theoretically face an unlimited increase in the market price, and an inability to recover a short position could theoretically result in unlimited loss. Global regulatory bans on short selling could inhibit the portfolio's ability to achieve target exposures, cause extra constraints, and result in additional transaction costs.

Hedging Risk. Blueshift attempts to reduce exposure to risk factors such as market risk. However, these positions can still be risky for a number of reasons. Risk reduction is attempted through a statistical estimation of each position's exposure to various risk factors and such estimations are inherently noisy and error prone. They tend to rely heavily on historical behavior of securities prices, but such behaviors can change suddenly and without warning due to unforeseen market circumstances.

Dependence on Underlying Intellectual Property; Involuntary Disclosure and Unauthorized Use. Blueshift deploys models and signals that are proprietary and puts policies in place to ensure its ability to protect its intellectual property. However, Blueshift may fail to maintain or may modify such intellectual property. In any event, third parties may in the future obtain and use, without Blueshift's permission, any intellectual property or technology Blueshift creates or develops. For example, position-level public disclosure, obligations to clients, exchanges, or regulators with insufficient safeguards to protect intellectual property, or theft, could all lead to information leakage. Any unauthorized use of Blueshift's proprietary models and signals could adversely affect any competitive advantage Blueshift may have and erode returns to Clients. Also, third parties may independently develop proprietary intellectual property and technology similar to Blueshift's proprietary intellectual property or technology or claim Blueshift or a client has violated their intellectual property rights, including copyrights, trademark rights, tradenames, trade secrets and patent rights. Any failure by Blueshift to maintain its current intellectual property, any unauthorized use of Blueshift's intellectual property or technology, and any litigation (even if Blueshift or the relevant Client is successful and regardless of the merits), may result in significant costs, divert Blueshift's resources, or require Blueshift to modify its intellectual property or technology in an adverse manner.

Equities. Blueshift invests in equities on behalf of its Clients. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. The value of equities may fluctuate in accordance with the activities, results of operations, and financial conditions of the companies that issue them, due to the activities in the industries and sectors where these companies compete. The value of equities could also fluctuate in accordance with economic development, interest rates, market sentiment, geopolitical environment, terrorism, and natural disasters. Stocks with smaller market capitalizations may present a higher risk as their prices are often more volatile and they have a greater potential to be thinly traded.

Exchange Traded Funds ("ETFs"). Blueshift may trade ETFs on behalf of its clients, both long and short. ETFs are funds that trade a particular basket of securities. Investments in ETFs are subject to risks in the underlying basket of securities, but also bear risks associated with their issuers. It is possible for the value of ETFs to fall or to rise more slowly than the stock market as a whole even when stock prices in general are rising. ETFs also may potentially trade during the trading day above or below the value of their underlying portfolios, and holders of ETF shares could be exposed to corrective forces if they purchase an ETF at a premium to the underlying value of the stocks in the ETF. ETFs typically charge fees and expenses and may prove more expensive for clients than holding the underlying securities. ETFs can exhibit fluctuations in liquidity as they are subject to delisting and can exhibit instability due to market makers. Additionally, they may exhibit elevated borrow costs, and could be subject to additional taxation.

Blueshift has broad and flexible investment authority with respect to managing Client Accounts. Blueshift may create investment strategies or methods of analysis, or engage in other activities, other than those described herein. The foregoing list of investment activities and risk factors is not an exhaustive explanation of all risks involved in an investment in its Clients. Investors should refer to the relevant Client's offering documents for a more complete understanding of that Client's investment objectives, risks, and strategies

Item 9 — Disciplinary Information

To the best of Blueshift's knowledge, Blueshift and its employees have not been involved in any legal or disciplinary events that would be material to a Client's or prospective client's evaluation of Blueshift's advisory business or the integrity of Blueshift's management.

Item 10 — Other Financial Industry Activities and Affiliations

Registration as a Broker-Dealer or Broker-Dealer Representative

Blueshift Asset Management is affiliated with Ultraviolet Securities, LLC, (“Ultraviolet”) a Delaware limited liability company under common control with Blueshift. Ultraviolet is a Broker-Dealer registered with FINRA and its employees are also employees of Blueshift. Ultraviolet’s function is to route orders from the Investment Manager to an unaffiliated executing Broker-Dealer upon completion of certain regulatory checks. Ultraviolet does not execute trades and will not custody customer funds or securities.

Ultraviolet is structured as a non-revenue producing entity. As an affiliate of Blueshift, its purpose is to assist in the regulatory compliance and routing of NMS securities, and it will not receive any compensation from Blueshift or the Blueshift Funds for its brokerage services. Ultraviolet will be funded by capital contributions made by affiliates which will cover routine operating expenses. No expenses will be passed along to Blueshift’s Clients. The creation of Ultraviolet assist in maintaining a commitment to best execution for investors.

Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Blueshift and its funds are exempt from registration under the Commodity Exchange Act pursuant to CFTC Regulation 4.13(a)(3) and have made the necessary filings with the National Futures Association.

Relationships Material to this Advisory Business and Possible Conflicts of Interest

Blueshift and its management persons have no other relationships or arrangements with any related persons listed in any of the specified categories of financial affiliates required to be disclosed by the SEC that are material to Blueshift’s advisory business.

Selection of Other Advisers or Managers

Blueshift does not utilize nor select other advisers or third-party managers. All assets are managed by Blueshift.

Other Clients

Although Blueshift may manage investments on behalf of a number of Client accounts that may pursue similar strategies, investment decisions and allocations are not necessarily be made in parallel among all such accounts. Other accounts managed by Blueshift may make investments and utilize investment strategies that may not be made or utilized by Blueshift on behalf of all (or any) of its Clients, and may take positions that are opposite those of all or some Clients. Accordingly, the various accounts managed by Blueshift may produce results that are materially different from those experienced by a particular Client, and the records of any investment management activities that Blueshift engages in on behalf of other Clients will not be available to any such Client.

Accordingly, conflicts of interest may arise between Blueshift and its Clients with respect to matters such as the allocation of investment opportunities and/or purchases and sales of securities in connection with particular trading situations. Currently, Blueshift manages a single comingled investment vehicle. Therefore, all trades are conducted at the master fund level. Alternatively, if such opportunity is not capable of allocation among all eligible Clients, Blueshift employs another impartial allocation methodology (e.g., rotation) in an effort to allocate such opportunities among its Clients on an equitable basis over time.

Blueshift maintains relationships with affiliated common control entities which support the objectives of the Investment Manager. These entities are Blueshift ARC, LLC and Open Halo, LLC.

Blueshift ARC, LLC – Blueshift ARC (Autonomous Research Center) is a wholly owned subsidiary of Blueshift Holdings, LP. Blueshift ARC focuses on research projects that require advanced quantitative and computer science techniques with the development and support of machine learning and artificial intelligence applications.

Open Halo, LLC – Open Halo is a wholly owned subsidiary of Blueshift Holdings, LP. Open Halo evaluates and invests in early stage alternative data vendors. Investments are typically passive and Open Halo, nor any Blueshift entity, does not resell any data or research to third parties or affiliates.

The tasks performed by these entities are outside the scope of Blueshift's normal investment advisory services. To address any potential conflicts of interest, Blueshift does not recommend the services of these affiliated entities to Clients and any cost associated with research conducted or investments made by these affiliated entities are fully absorbed by the Investment Manager and not passed along to Clients.

Item 11 — Code of Ethics, Personal Trading, and Conflicts of Interest

Code of Ethics

Blueshift's Code of Ethics (the "Code of Ethics") describes the Firm's high standard of business conduct and has been designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) sets forth restrictions on the provision of gifts and other benefits, (iii) sets restrictions on employee use of personal e-mail and social media websites, (iv) requires that all employees report to Blueshift their personal securities holdings reports and that Blueshift review such reports, (v) precludes all employees from purchasing or selling securities that Blueshift may purchase or sell on behalf of Clients, (vi) requires all employees to obtain pre-approval for divestment of certain personal securities holdings; and (vi) contains policies and procedures designed to prevent the misuse of material, non-public information. All personnel of Blueshift are required to certify their compliance with the Code of Ethics on an annual basis. Personnel who fail to observe the Code of Ethics and related compliance policies risk serious sanctions, including dismissal and personal liability.

Insider Trading

As part of its Code of Ethics, Blueshift has adopted an "Insider Trading" policy in accordance with Section 204A of the Advisers Act, which prohibits the misuse of material nonpublic information by Blueshift and its employees. In addition, the Code of Ethics contains restrictions on using inside information to engage in any personal transactions or to disclose any material nonpublic information. Any Blueshift officer, employee or other access person who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

Personal Trading

Under Blueshift's Code of Ethics, personal trading by and other investment activity of Blueshift personnel, affiliates or their related persons, in securities other than Exempt Securities, as defined under SEC rules (e.g., government securities, money market instruments, and certain mutual fund shares and unit investment trust units) is strictly restricted. Blueshift personnel holding non-Exempt Securities in their personal accounts will require pre-clearance from Blueshift's Chief Compliance Officer (the "CCO") to divest their holdings.

Political Contributions and Gifts

The Code of Ethics requires any Blueshift employee seeking to make a contribution to a U.S. federal, state or local government official or candidate for office or to any foreign government official or candidate for office to obtain pre-approval from the CCO, except in the case of de minimis contributions permitted under SEC rules. The Code of Ethics also prohibits both the

provision and acceptance of gifts and entertainment above a predetermined limit that Blueshift personnel provide to or receive from third-parties with which Blueshift or its affiliates conduct business.

Clients or prospective clients may obtain a copy of Blueshift's Code of Ethics upon request by contacting the Chief Compliance Officer, Dmitry Sarkisov, at (732) 450-7467.

Outside Business Activities

Blueshift employees may not engage in certain outside business activities without the prior written approval of the Chief Compliance Officer. Such restrictions are intended to prevent, among other things, potential conflicts of interest as well as the engagement in activities that can divert an employee's attention from or impair the performance of his or her duties with respect to the business of Blueshift and its Clients.

Confidentiality

Blueshift employees shall not at any time while employed by Blueshift or at any time after being employed by Blueshift (i) disclose, directly or indirectly, any confidential information to anyone other than personnel of the Firm; or (ii) use for non-firm business or appropriate any confidential information.

Recommendations Involving Material Financial Interests

Neither Blueshift nor its related persons will recommend to Clients, or buy or sell for Client Accounts, securities in which Blueshift or a related person has a material financial interest.

Investing Personal Money in the Same Securities as Clients

Personal trading by and other investment activity of Blueshift personnel, affiliates or their related persons, in securities other than Exempt Securities, as defined under SEC rules (e.g., government securities, money market instruments, and certain mutual fund shares and unit investment trust units) is strictly restricted. If an Employee believes that he or she (or a related account) stands to benefit materially from an investment decision that the Employee is recommending or making for a Client, the Employee must disclose that interest to the Chief Compliance Officer and obtain approval prior to making the investment.

Trading Securities At/Around the Same Time as Clients' Securities

Neither Blueshift nor its related persons will trade (buy and sell) the same securities that are recommended to Clients. As noted above, employees will be permitted to divest previously acquired holdings in Non-Exempt Securities, subject to pre-approval by the Chief Compliance Officer.

Item 12 — Brokerage Practices

Blueshift uses institutional brokers and other market intermediaries that are selected based on various qualities including, but not limited to, their execution capability, services and research provided, pricing, financial stability, reputation, and access to the market for the securities being traded. As part of its best execution responsibilities, Blueshift seeks to obtain best execution through Blueshift's best execution policies and procedures. As a result, market intermediaries are selected primarily on the criteria outlined above, and while Blueshift seeks competitive pricing and commission rates, Clients may not necessarily pay the lowest commission rates available.

Blueshift has not entered into arrangements with broker-dealers in which certain research products and services may be purchased by the broker-dealer for the benefit of Blueshift through credits ("Soft Dollars") generated by Clients' trading activities. Blueshift may, however, receive proprietary research from broker-dealers in connection with Client securities transactions. To the extent that Blueshift determines to use Soft Dollars in the future, it is anticipated that any such use would be limited to obtaining research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. To date, Blueshift and its affiliates have not utilized brokerage commissions generated by Clients to acquire research or other products and services.

From time to time Blueshift may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to Blueshift Funds managed by Blueshift, or recommend these Blueshift Funds as an investment to Clients. Blueshift may place Client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities if Blueshift determines that it is otherwise consistent with seeking best execution. In no event will Blueshift consider receipt of referrals in allocating brokerage business, nor will Blueshift select a broker-dealer as a means of remuneration for recommending Blueshift or any other product managed by Blueshift or affording Blueshift with the opportunity to participate in capital introduction programs.

Blueshift generally does not permit Clients (or underlying investors in such Clients) to direct brokerage. If a Client does direct the adviser to use a particular broker (e.g., if a direction to utilize a prime broker is contained in the limited partnership, LLC or comparable agreement), the contract should contain an acknowledgment by the Client that this arrangement may impair the adviser's ability to obtain the lowest commissions or to obtain best execution (through bunched orders or otherwise) in all cases.

In managing Client Accounts, Blueshift may aggregate trades, subject to best execution. Aggregation opportunities generally arise when more than one account is capable of purchasing or selling a particular security based on its investment objectives, available cash and other factors. Blueshift may aggregate its Clients' orders when doing so will result in a better overall price for the trades of both accounts. When aggregating orders, both accounts will be treated in

a fair and equitable manner, meaning that no account will be favored over any other account, and each account that participates in an aggregated order will participate at the average price for all transactions executed under that order and will bear its pro rata share of transaction costs.

Item 13 — Review of Accounts

Trading activity in Client Accounts is monitored on a daily basis by Blueshift's CEO and/or other senior members of the Firm, and overall performance of Client Accounts is also reviewed on an ongoing basis. These reviews consider information from a variety of sources, typically including various forms of trading data, risk and exposure reports, and other types of quantitative analysis as Blueshift deems appropriate.

In addition, the CCO, will periodically review Client Accounts to ensure consistency with stated investment guidelines and objectives, as well as applicable laws and regulations.

Blueshift will provide Clients with written reports as described in the offering or other organization documents of each Client. Investors in Clients that are Blueshift Funds will receive audited annual financial statements within 120 days of the end of each fiscal year, as well as Schedule K-1's and/or other applicable tax information. In addition to monthly portfolio performance reports, investors in Blueshift Funds will also receive a monthly statement sent by the Blueshift Fund's independent administrator, with specific information about such investor's investment in the Blueshift Fund.

Item 14 — Client Referrals and Other Compensation

Blueshift does not expect to receive any economic benefit from anyone other than its Clients as a result of the provision of investment advice or other advisory services to Client Accounts.

Blueshift has not entered into any agreement nor made any arrangements to compensate any person for Client referrals. In the event Blueshift changes its policy and engages external parties as placement agents, Blueshift will compensate any such persons in compliance with Rule 206(4)-3 under the Advisers Act.

Item 15 — Custody

Blueshift is deemed to have custody of the assets of the Blueshift Fund that Blueshift sponsors within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). All such Client assets are held in accounts at one or more “qualified custodians,” as defined under the Custody Rule. A “qualified custodian” generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC registered broker-dealer, a futures commission merchant (for limited purposes) or a foreign financial institution that holds segregated customer assets. All underlying investors in such Blueshift Funds sponsored by Blueshift will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Client’s fiscal year. Blueshift does not have, and does not intend to take, custody of the funds and securities of any Separately Managed Account that it may advise.

Clients may receive periodic statements from the custodian that holds and maintains the Client’s investment assets. Blueshift recommends each client to carefully review such statements and compare such official custodial records to any account statements that Blueshift may provide such client. Blueshift’s statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities or other instruments.

Item 16 — Investment Discretion

Blueshift has full discretionary authority to manage the investments of its Clients. The authority to make all investment decisions, including the selection of securities or financial instruments and execution, is entrusted to the complete discretion of Blueshift.

Please see Item 4 above for a description of any limitations Clients may place on Blueshift's discretionary authority. Underlying investors that have invested in Blueshift's Fund Clients generally do not have the ability to impose limitations on Blueshift's discretionary authority.

Prior to assuming full discretion in managing a client's assets, Blueshift entered into an investment management agreement or other similar agreement that sets forth the scope of its discretion.

Unless otherwise agreed between Blueshift and a Client, Blueshift has the authority to determine (i) the securities to be purchased and sold for the Client (subject to restrictions on its activities set forth in the applicable offering memorandum, investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Client.

Item 17 — Voting Client Fund Securities

Blueshift generally will not accept proxy voting authority on behalf of Separately Managed Account Clients but holds proxy voting authority on behalf of the Blueshift Funds that it sponsors. However, Blueshift believes that the trading frequency (and correspondingly relatively shorter holding periods, frequently changing position sizes and changing position directionality) of the investment strategies employed by the Firm significantly reduces the importance and usefulness of the proxies Blueshift receives on behalf of its Clients. As a result, as a general practice, Blueshift does not vote proxies on behalf of its Blueshift Fund Clients, as any such activity would not have particular relevance to the Firm's investment strategy, and would be expected to represent a significant operational burden to the firm.

At least annually, the Chief Compliance Officer and the Chief Financial Officer will analyze the estimated costs associated with casting proxy votes on behalf of Clients against any estimated potential benefits of doing so. This review may include obtaining comparative prices from available third-party proxy voting services and analyzing the number of proxies received by the Firm that the Client would have been eligible to vote. The Chief Compliance Officer will discuss the results of this review and any recommended modifications to the Firm's proxy voting policies with the Chief Executive Officer.

If the Firm is ever asked to participate in any class action, bankruptcy or other litigation (collectively "Securities Litigation") involving securities in which Blueshift Fund are invested or formerly invested, it will make a determination whether the costs of participating in such Securities Litigation outweigh the benefits of participating in such Securities Litigation. If the Firm makes a determination that the costs of filing proofs of claim outweigh the benefits it will take the actions needed to participate in the Securities Litigation.

Item 18 — Financial Information

Blueshift has never been the subject of a bankruptcy petition and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

Item 19 — Requirements for State-Registered Advisers

This item is not applicable.