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**CAPITAL MANAGEMENT, L.P.**

**120 West 45<sup>th</sup> Street, Suite 3005  
New York, NY 10036**

(212) 430 -2184

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This brochure provides information about the qualifications and business practices of Opti Capital Management, LP. If you have any questions about the contents of this brochure, please contact Opti Capital Management, LP's Chief Compliance Officer ("**CCO**"), Thomas Kennedy at 646-218-9664 or by email at [tkennedy@opticaplp.com](mailto:tkennedy@opticaplp.com). Additional information about Opti Capital Management, LP is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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. Registration of an investment adviser does not imply that Opti Capital Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2 - Material Changes**

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There are no material changes to report.

**Item 3 - Table of Contents**

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**Item 4 - Advisory Business**

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Opti Capital Management, LP ("**OPTI**" or the "**Firm**") is a Delaware limited liability company that commenced operations in 2018. Xiuping Li is the Firm's founder and principal. OPTI offers investment advisory services on a discretionary basis to OPTI Capital Opportunity Master Fund, LP, a Cayman Islands exempted company (the "**Master Fund**") and feeder funds, OPTI Opportunity Fund, LP, a Delaware limited partnership and Opti Opportunity CI Fund Ltd (together, the "**Feeder Funds**"). The Master Fund and Feeder Funds shall be collectively referred to herein as the "**Funds**" or "**Clients**".

The Feeder Funds invests significantly all of its assets in the Master Fund. The Fund is managed in accordance with its own objectives and are not tailored to any particular private fund investor (each an "**Investor**"). OPTI bases its advice to each Fund on the investment objectives and restrictions, if any, set forth in the applicable organizational document, limited partnership agreement, investment management agreement, offering memorandum and/or subscription agreements, as the case may be, of each Fund (each, a "**Fund Document**" and, collectively, the "**Fund Documents**")

As of December 31st, 2019, OPTI has approximately \$324,000,000 in regulatory assets under management, all of which are managed on a discretionary basis. OPTI does not manage any assets on a non-discretionary basis.

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**Item 5 - Fees and Compensation**

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The fees and expenses for each Fund are set forth in detail in each Fund Document. A brief summary of fees and expenses is provided below.

***Management Fees***

As the investment adviser to the Funds, OPTI receives management fees at an annual rate of 1.5% of each Limited Partner's Capital Account.

These management fees are payable quarterly, in advance, based on the value of each Limited Partner's Capital Account as of the first Business day of each calendar quarter or on the date of a contribution if other than the beginning of a quarter, adjusted for contributions and withdrawals made during the quarter. Management fees are prorated for any investment period that is less than a full calendar quarter and a prorated portion of a management fee will be rebated in the event of an intra quarter withdrawal.

The Firm, in its sole discretion, may reduce, waive or calculate differently the management fee for certain Investors.

***Other Expenses***

The Firm will render its services to the Funds at its own expense and will be responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance and payroll taxes.

All other expenses, as described more fully in the Fund Documents, will be paid by the Funds and will include : the management fee; legal, compliance, administrator, audit and accounting expenses (including third party accounting services); organizational expenses; portfolio risk monitoring and risk analysis services; investment expenses such as commissions, research fees and expenses (including research related travel, meals and lodging); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs (including D&O and E&O insurance for the Firm); the Feeder Funds' pro rata share of the expenses of the Master Fund; and any other expenses related to the purchase, sale or transmittal of Fund assets.

If OPTI incurs any of the expenses mentioned above on behalf of the Funds, then OPTI will allocate such expenses among the Funds in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as OPTI considers fair and reasonable.

For a further discussion of these and brokerage-related items, see Item 12 below.

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

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As of the end of each fiscal year, there will be reallocated from the Capital Account of each Limited Partner to the Capital Account of the General Partner at the Master Fund level an amount equal to 20% of each Limited Partner's share of net profits (including net unrealized gains on investments) attributable to Interests as of that fiscal year (such allocation, the "Incentive Allocation"); the Incentive Allocation will be subject to a loss carryforward provision. When calculating the Incentive Allocation, the Management Fee and all items of income, loss and expense incurred by the Fund will be taken into account. In the event that an investor withdraws capital (in whole or in part) or retires at any time other than at the end of a fiscal year, the deduction of the Incentive Allocation will be made with respect to such withdrawn capital as though it were being made at the end of a fiscal year.

The General Partner, in its sole discretion, may waive or modify the Incentive Allocation for certain investors.

Certain Clients or Investors may have higher or more favorable performance-based compensation arrangements than other Clients or Investors. As OPTI will advise multiple Clients, which may have different compensation arrangements, a potential exists for one Client or Investor account to be favored over another Client or Investor account. In addition, as management fees and performance-based compensation will

be based directly on Clients' net asset values, OPTI may have a conflict of interest in valuing the assets held in Client accounts. To mitigate these risks, OPTI implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Clients, the allocation of investment opportunities and the valuation of Client assets. To the extent that OPTI advises multiple Clients with the same investment strategies, allocations of investment opportunities generally will be made on a pro-rata basis taking into account the Client's available capital, strategies, and restrictions. To the extent orders are aggregated, Client orders are price-averaged. OPTI will follow documented valuation policies and consult with each Client's third-party administrator or auditor, as applicable, in order to mitigate the risk associated with valuing Client assets.

For a more detailed discussion on the Incentive Allocation, please see the relevant Fund Documents.

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**Item 7 - Types of Clients**

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The Firm's clients are the Funds. The Fund Documents provide the eligibility criteria and minimum investment requirements. Although OPTI has the authority to accept subscriptions of a lesser amount, the required minimum initial investment in the Funds is generally \$1,000,000 for individual investors and \$3,000,000 for institutional investors.

Investors in the Funds consist primarily of institutional investors, financial institutions, other investment funds, and high-net-worth individuals. OPTI requires Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

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

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***Methods of Analysis and Investment Strategies***

The investment objectives and strategies of the Fund(s) is to seek to achieve superior, risk-adjusted total rates of return in a market-neutral strategy by investing in a diversified portfolio of convertible securities and other "relative value" investment strategies.

The Fund's performance is designed not to be correlated with any changes in the equity, bond, currency or commodity markets. OPTI's focus will be to hedge different components of convertible securities in various markets and realize a return in excess of the general market as a result of extensive credit work, the trading of volatility (i.e., generating profits by capturing the movement of stock prices) and overall expertise in evaluating the complex terms involved in convertible securities. OPTI will focus on mispriced or misunderstood securities and exploit the inefficiencies inherent among different classes of securities on an issuer's balance sheet, including convertible securities, straight debt, preferred stock, common stock and options.

OPTI will attempt to limit risk exposure by hedging certain inherent risks of Convertible securities by utilizing inter-capital structure arbitrage as part of its investment strategy. The portfolio will also include long and short positions in a variety of securities including convertible securities, stocks, options, futures, swaps and other instruments (including derivative and over-the-counter products) used to hedge interest rate exposure and credit risk.

### **Investment Strategies**

OPTI's strategies include the trading of convertible bonds, convertible preferred stocks, warrants, options and other equity-linked instruments. OPTI will use its market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities, the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities. Profits from what the Fund perceives to be mispriced credit and/or volatility implicit in the convertible portfolio are generally derived by both active investing, dynamic hedging and revaluation in the marketplace.

OPTI will seek to achieve the Fund's investment objective by employing a highly disciplined approach to securities analysis and risk management. The Fund will generally focus on more liquid convertible issues and maintain a portfolio with an expected duration of less than three years. At times, the Fund's strategy may include ownership of a significant percentage of a particular issue which may impact liquidity.

The analysis of securities will involve several primary disciplines. One of the disciplines is an in-depth analysis of the credit quality of the underlying issuer regardless of the security's rating. This will include a detailed analysis of cash flow, value of assets, and capital structure of liabilities, including term structure of debt, and differing levels of seniority. In addition, it will include an examination of any legal risks that the company or its industry faces and what that impact will be on its ability to meet its obligations. The second will be a detailed reading and dissection of each convertible security's indenture to ascertain all pertinent provisions that OPTI deems relevant in making an investment.

### **Risk Monitoring**

Risk monitoring informs OPTI's investment activities and is designed to help OPTI assess certain market exposures and determine whether any portfolio or position level adjustments are warranted. OPTI's beliefs as to the appropriate level of risk at any point in time for a Fund — whether overall, or concerning a particular investment asset, asset class, strategy or market — change in response to many factors, including the global macroeconomic environment and the investment opportunities within the Fund's strategies. OPTI's risk monitoring processes help the firm's portfolio managers understand some, but not all, of the investment risks to which the Funds are exposed.

## Overview of Risks Factors

Investors in the Funds should understand that even the most rigorous processes do not ensure successful investing. Investing in securities and derivatives involves the possibility of losing some, and possibly all, of a person's investment. This is true regardless of the amount of hedging undertaken, which varies between the Funds and at differing times within a Fund, and the diversification of the portfolio maintained by a Fund. The following is a discussion of some of the material risks associated with OPTI's trading strategies and the securities the Funds invest in (with, as noted above, a focus on the risks pertaining to the OPTI Funds). Each of the strategies is subject to many of these risks. The offering materials for each Fund contain a more complete description of the risks associated with an investment in that Fund.

**Convertible Securities.** Convertible securities, including debt, preferred stock and mandatorily convertible instruments, are securities that can at a set price be converted into common shares of the issuer or the cash value of those shares. Issuers of convertible securities may be in uncertain financial condition. Many of the convertible debt instruments purchased for the Funds are issued by companies that do not have investment grade debt ratings and will have an increased risk of default. Moreover, whether or not an actual default occurs, the prices of non-investment grade debt are often highly volatile. Because convertible securities can also act like equity options on the shares they convert into, they are vulnerable to declines in value if market volatility declines.

**Convertible Security Hedging Risk.** Convertible security hedging usually involves purchasing convertible securities and selling short a variable amount of the underlying equity security, or vice versa. Some of the risks that can impact the success of OPTI's hedging include rising interest rates or declining volatility, changes in the availability of shares for short selling purposes and material changes in an issuing company's prospects, credit outlook or dividend policy.

**Corporate Debt.** The Funds may invest in non-convertible debt. This debt is frequently non-investment grade or unrated and may be subject to greater market fluctuations and risks of loss of income and principal than investment grade securities. Prices for this debt are often influenced by many of the same difficult-to-predict factors that affect equity prices, as well as the market's perception of the issuer's ability to pay the debt in accordance with its terms, the occurrence of issuer related events such as earnings announcements and, to a lesser degree, fluctuations in prevailing interest rates.

**Counterparty Risk.** The Funds are exposed to the risk that third parties that may owe the Funds securities or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations to the Funds due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from



entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Funds held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties.

**Cybersecurity.** The Firm and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to 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. A cybersecurity breach could expose both the Clients and the Firm (which, in certain circumstances, will be entitled to indemnity from the Clients) to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from a Fund.

**Derivatives in General.** A Fund may trade derivative financial instruments such as warrants, options, futures contracts and forwards, and may use these instruments for hedging and other trading purposes. The use of derivative instruments is subject to a variety of material risks, including those posed by the extremely high degree of leverage often embedded in derivatives and possible deviations between the actual and theoretical value of a derivative. When a Fund trades derivative instruments "over-the-counter", the Fund may be subject to the credit risk of the parties it trades with and may also bear the risk of settlement default. These risks may differ materially from those connected with exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, segregation and minimum capital requirements applicable to intermediaries. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult and costly for a Fund to close out positions in order to realize gains or limit losses.

**Equity Securities.** A number of OPTI's strategies attempt to gauge the direction or future price level of different equity or equity-related securities or include equity securities as a component of a particular trade (including, as noted, as hedges for convertible positions). Numerous inter-related and difficult-to-quantify economic factors influence the prices of equities, including market sentiment and subjective and extraneous political and economic matters. There can be no assurance that OPTI will be able to gauge future equity price levels correctly. A Fund's directional equity positions may be leveraged, and even comparatively minor adverse market movements can result in substantial losses.

**Futures Contracts.** OPTI may invest client assets in futures contracts and options on futures contracts for investment and hedging purposes. Futures markets are highly volatile

**Hedging.** OPTI does not attempt to hedge all market or other risks inherent in a Fund's positions and will hedge certain risks only partially. The firm may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of the Fund's overall portfolio. A Fund's portfolio may also contain unhedged positions when OPTI has a strong fundamental, or directional, view regarding specific positions. While OPTI may rely on diversification to control these risks, OPTI generally is not subject to any formal diversification requirements with respect to any Fund. Illiquid Investments. OPTI may from time to time make limited investments in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments, which are assets subject to Rule 144A). There may be no trading market for these securities and instruments, and OPTI might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, clients may be required to hold such securities despite adverse price movements.

**Leverage.** The Funds trade on a leveraged basis by purchasing securities on margin, selling securities short and using options and swaps. Leverage increases the magnitude of the Funds' profits and losses. Further, decreased availability of margin, or increases in margin rates, can impact profitability.

**Material Event Analysis.** Event oriented and special situation strategies, as noted earlier, involve investing in positions whose profitability depends on the occurrence, non-occurrence or other result of a significant corporate or other market event. These events can include mergers, tender offers, exchange offers, proxy contests, restructurings, bankruptcies and regulatory or legal developments. The likelihood of these events occurring is affected by numerous factors, including market movements, regulatory intervention, shareholders' consent and changes in interest rates and economic outlook. The risk that an anticipated event does not occur can be high, and unexpected outcomes can lead to substantial losses. Moreover, these events can impact positions in strategies that are not initially established as event oriented or special situation.

**New Issues.** The Funds may invest in “new issues” as that term is defined in Rule 5130 of the Conduct Rules of the Financial Industry Regulatory Authority. To The extent that a potential investor is “restricted” Under Rule 5130, An investment in the Funds May not yield the performance results that may be achieved by those investors that are not restricted. Any investor who does not provide sufficient information to show that such Investor is not restricted will be presumed to be restricted.

**Non-U.S. Securities.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political economic or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition foreign markets can perform differently from the U.S. market.

**Options.** Option trading can be speculative and may involve a high degree of risk. When a Fund purchases a put or a call option, it may lose the entire premium paid. If a Fund writes or sells a put or call option, the loss is potentially unlimited.

**Preferred Stock.** Preferred stock represents an equity or ownership interest in an issuer. Preferred stock normally pays dividends at a specified rate and has precedence over common stock in the event the issuer is liquidated or declares bankruptcy. However, in the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds take precedence over the claims of those who own preferred and common stock. Preferred stock, unlike common stock, often has a stated dividend rate payable from the corporation’s earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. “Cumulative” dividend provisions require all or a portion of prior unpaid dividends to be paid before dividends can be paid to the issuer’s common stock. “Participating” preferred stock may be entitled to a dividend exceeding the stated dividend in certain cases. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of such stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the stock to be called or redeemed, which can limit the benefit of a decline in interest rates. Preferred stock is subject to many of the risks to which common stock and debt securities are subject.

In addition, preferred stock may be subject to more abrupt or erratic price movements than common stock or debt securities due to the fact that preferred stock may trade less frequently and in more limited volume.

**Relative Value Determinations.** The success of a relative value trade depends on OPTI’s ability to design an investment process that capitalizes on relative mispricing among interrelated instruments. This investment process must consider several factors. Among these, that there is not always a predictable relationship between the pricing of a convertible security and its underlying equity. Further, regulatory issues,

corporate events and changes in company fundamentals can each impact convertible security and equity valuations, sometimes unequally.

**Securities Lending and Borrowing.** The OPTI Funds do not directly lend securities to third parties in the ordinary course of business. The OPTI Funds' securities are, however, held by qualified custodians who are permitted to "rehypothecate", or loan, the securities to third parties. When OPTI Fund's securities are loaned, it may be unable to exercise voting or other rights associated with the securities. In addition, an OPTI Fund may experience substantial losses if its qualified custodian defaults on its obligations to return loaned securities or becomes insolvent. The Funds do borrow securities directly, as a precursor to selling them short. When a Fund borrows securities, it is subject to the risk that the lender will recall them while the Fund has an open short position. If this occurs, the Fund could be compelled to (i) borrow securities from another source (possibly at a materially higher cost), (ii) close a short position earlier than anticipated (potentially impacting the Fund's ability to hedge certain of its exposures) or (iii) close related positions that OPTI believes could be inadequately hedged if borrowable securities cannot be located

**Securities in General.** Prices for securities are affected by numerous, often complex and interrelated factors. Some of these factors are interest rates, general economic conditions, geopolitical forces, foreign exchange rates, market sentiment, analyst research and media reports, trading patterns, credit availability and spreads, an issuer's financial condition and corporate announcements, competition, lawsuits and regulatory changes. Just as these factors are complex, so too is the investment process. There can be no assurance that OPTI will successfully identify the factors affecting the prices of securities or correctly determine their impact on the Funds' investments.

**Short Sales.** The Funds sell securities short. Securities sold short must later be replaced or offset by market purchases, and therefore any increase in the market price of these securities results in a loss (though the loss may be offset by a gain on the related long convertible position). Purchasing securities to close out short positions can itself cause their market price to rise further, in turn increasing losses. Short selling is subject to a potentially unlimited risk of loss because there is no cap on how high the price of a security may rise before the short position is closed out. Short selling has at times been the subject of regulatory scrutiny – regulatory restrictions in one or more markets in which OPTI trades, like the short-selling ban imposed by the SEC in September 2008, could severely impair OPTI's ability to engage in short selling and render a strategy unprofitable.

**Trading Frequency.** OPTI's convertible positions are, as noted, typically comprised of a long convertible security and a short equity hedge. The firm closely monitors both sides of these positions, long and short. Convertible securities are bought and sold in response to market and macroeconomic events, portfolio manager judgments and investor capital activity – the impact of these and other factors can result in periods of greater and lesser convertible trading activity. Short equity positions may be actively, or "dynamically", traded in response to some of these same factors, as well

as OPTI's perception of likely future events. In addition, when a new convertible security is issued, a Fund may engage in a short period of active buying and selling of that security, often on an unhedged basis.

**Warrants.** The investment guidelines of a client may permit it to invest in warrants. Warrants are instruments that give the holder the right, but not the obligation, to buy an equity security at a specific price for a specific period of time. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

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**Item 9 - Disciplinary Information**

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Neither OPTI nor its affiliates have been subject to any disciplinary action, whether criminal, civil, administrative, or regulatory, required to be disclosed in this Item. Likewise, no persons involved in the management of OPTI have been subject to such action.

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

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Neither OPTI nor any of its affiliates or management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither OPTI nor any of its affiliates or management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The general partner of certain of the Funds is an affiliated entity of OPTI and certain OPTI employees have a financial interest in the general partner entity.

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

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***Code of Ethics and Personal Trading***

Pursuant to Rule 204A-1 under the Advisers Act, OPTI has adopted a written Code of Ethics (the "Code") predicated on the principle that the Advisor owes a fiduciary duty to the Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of OPTI (the "Employees"), and each Employee's spouse, minor children and other family

members living in his or her household. The Advisor requires its Employees to act in the Funds' best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper. Clients or prospective clients may obtain a copy of the Code by contacting Thomas Kennedy, the Firm's Chief Compliance Officer. The Advisor generally prohibits the purchase or sale of corporate debt and equity securities; requires pre-clearance before purchasing a limited offering (i.e., private placement) and initial public offering; requires periodic reporting of Employees' personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. Employees are generally permitted to conduct personal securities transactions in ETFs, mutual funds, index options and commodities. Employees are also permitted to liquidate (but not add to) other securities positions owned upon commencement of employment with the Advisor. OPTI endeavours to maintain current and accurate records of all personal securities accounts of its Employees in an effort to monitor all such activity. The Code also includes restrictions designed to supervise the giving or receiving of gifts and entertainment, political and charitable contributions, and employees' outside business activities. The Code includes insider trading policies and procedures that are designed to prevent the misuse of material non-public information. Employees are required to certify their compliance with the Code, including the insider trading policies, on a periodic basis.

### ***Participation and Interest in Client Transactions***

OPTI, its employees or a related entity (collectively, "Related Persons") will have an investment in each Fund. For example, the Managing Member/Profit Allocation Shareholder for each Fund is 100% owned by OPTI's individual partners and other investment professionals working for OPTI. In addition, OPTI and its Employees will participate in the Funds' investment program by committing their own capital to the Funds. Therefore, Related Persons participate in transactions effected for Funds. Although the Funds may, at times, buy or sell securities in which Related Persons have a material financial interest, the capital that Related Persons have in the Funds align the interested of the Funds and Related Persons, and helps to eliminate potential conflicts that may exist.

### **Item 12 - Brokerage Practices**

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OPTI has full discretionary authority to manage the Funds, including 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, OPTI seeks 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, OPTI takes into consideration the price of a security offered by the broker-dealer, as well as a

broker-dealer's full range and quality of their services including, among other things, the timeliness of execution, the value of research provided, the responsiveness of the broker-dealer to the Firm, and the broker-dealer's financial resources.

### ***Soft Dollars***

OPTI may enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements could pose a conflict of interest for OPTI in that such arrangements would allow OPTI to pay with Client commissions expenses that would otherwise be borne by OPTI. If OPTI uses Client brokerage commissions (or mark-ups or markdowns) to obtain research or other products or services, it would receive a benefit because it would not have to produce or pay for the research, products or services. OPTI may have an incentive to select a broker based on OPTI's interest in receiving the research or other products or services offered by such broker, rather than on Clients' interests in receiving most favourable execution.

To the extent that OPTI engages in soft dollar transactions, the Firm will comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for Clients, and, subject to its duty to obtain best execution, OPTI may consider the value of research and brokerage products and services (collectively, "**Research**") provided by such brokers. Research may include research from brokers, which may be written or oral, research concerning market, economic and financial data, or concerning a particular aspect of economics or on the economy in general, statistical information, financial publications, electronic market quotations, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if OPTI determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a Client may pay commissions to such broker in an amount greater than the amount another broker might charge.

### ***Aggregation and Allocation***

OPTI's policy is to allocate investments to the Funds in a fair and equitable manner over a period of time. OPTI will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any Fund. OPTI will have no obligation to purchase, sell, or exchange any security or financial instrument for the Funds if OPTI believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical, or undesirable for any of the Funds. In making allocation decisions, OPTI generally considers the following factors, among others: the investment objectives and restrictions on the Funds; the nature and size of the investment; the relative size and cash availability of the Funds; the ability to borrow and the cost of borrowed funds; tax consequences; legal restrictions; the liquidity of the investment offered; the degree of specialization



of the Funds relative to the investment offered; the possibility that an allocation may result in a small or odd lot; and other factors relevant to a particular Fund

OPTI may aggregate orders for the same security unless aggregation is not consistent with OPTI's duty to seek best execution and the terms of the investment guidelines and restrictions of each Client for which trades are being aggregated. Aggregation opportunities generally arise when purchasing or selling a particular security is suitable for more than one client based on investment objectives, available cash and other factors. When aggregating trades, no Client will be favored over any other Client. OPTI intends that each Client that participates in an aggregated order will participate at the average price for all of OPTI's transactions in that security on a given business day, with transaction costs shared pro rata based on each Client's participation in the transaction. In situations where OPTI is unable to, or for other reasons does not aggregate an order, OPTI may buy or sell securities for one Client account at the same time that OPTI buys or sells the same security for one or more other Client accounts. This may create a conflict of interest if one account may benefit from making the trade before or after the other account.

### **Trade Errors**

Consistent with its fiduciary duties, the Adviser's policy is to take the utmost care in making and implementing investment decisions for its Client accounts. Trade errors may result in losses or gains, and to the extent trading errors occur, the Adviser seeks to ensure that its Clients' best interests are served. The Adviser generally will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker dealer, the Adviser will strive to recover any losses associated with such error from the counterparty. In accordance with the terms and conditions of the Fund Documents, the Adviser will generally not be liable to Clients for any act or omission, absent bad faith, gross negligence, willful misconduct or fraud. As a result, Clients (and not the Adviser) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith..

## **Item 13 - Review of Accounts**

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### ***Review of Accounts***

The portfolios of the Funds are reviewed on a continual basis by OPTI to assure conformity with investment objectives and guidelines. The Firm engages in active management for the Funds and accordingly reviews Client transactions, positions and cash balances on a daily basis.

### ***Reporting***

OPTI will provide Investors with monthly risk-report letters, monthly unaudited account statements, quarterly update letters. Additionally, Investors receive



independently audited financial statements within 120 days of the Fund's fiscal year end.

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**Item 14 - Client Referrals and Other Compensation**

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OPTI does not currently utilize any third party marketers or solicitors.

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**Item 15 - Custody**

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Based on the fact that OPTI's related entity may serve as general partner of certain of the Funds, OPTI will have custody of Client assets. OPTI will comply with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to OPTI's custody of the Funds' assets by meeting the conditions of the pooled vehicle annual audit provision.

OPTI will provide all Investors with audited financial statements for the Funds in which they are invested within 120 days of such Fund's fiscal year end. In addition, the audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Account Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements of the Funds.

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**Item 16 - Investment Discretion**

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OPTI generally has full discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used and the commission rates to be paid. This authority is granted to OPTI through the Fund Documents signed by the Investor and OPTI or one of its affiliates. Any limitations on authority are included in the Fund Documents.

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**Item 17 - Voting Client Securities**

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OPTI has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of the Clients and in accordance with Rule 206(4)-6. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities in a manner that serves the best interests of the Funds, as determined by Opti in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Opti will refrain from voting proxies where it believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipating benefit to the Funds. Clients cannot generally direct how OPTI votes proxies in a particular solicitation.

When voting proxies, the Firm must identify and address material conflicts that may arise between the Firm's interests and those of the Funds. Specifically, OPTI monitors

the potential for conflicts of interest that might arise from personal relationships that the Firm or its employees may have with parties involved in the vote, and other special circumstances.

If the Firm determines that a conflict of interest exists as to a particular issuer, the CCO will determine whether the conflict is material to the vote. If it is determined not to be material, the Firm will vote without further procedures. If it is determined to be material, the Firm will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote. Investors may request a copy of the Firm's proxy voting policies, as well as relevant proxy voting records, by contacting the CCO at the address or telephone number listed on the first page of this document.

"As a fiduciary, the Firm will evaluate whether the Funds will participate in shareholder class action litigation and similar matters. the Firm will not participate in class action litigation unless it has been determined that it would be in the best interest of the Funds. the Firm generally does not serve as the lead plaintiff in class actions because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs. The CCO will maintain documentation associated with the Funds' participation in class actions."

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**Item 18 - Financial Information**

This item is not applicable.