

**ADVANTAGE ALPHA CAPITAL PARTNERS LP**

**PART 2A OF FORM ADV**

**FIRM BROCHURE**

**Advantage Alpha Capital Partners LP**

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**March 29, 2019**

This brochure provides information about the qualifications and business practices of Advantage Alpha Capital Partners LP (“Advantage Alpha” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (415) 343-7077 or by email at [inquiries@advantagealpha.com](mailto:inquiries@advantagealpha.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Any reference to Advantage Alpha as a registered adviser does not imply a certain level of skill or training.

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

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***Item 2: Material Changes***

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

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**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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**Item 4.A.**

Advantage Alpha Capital Partners LP (“**Advantage Alpha**” or the “**Firm**”), a Delaware limited partnership, was founded in May 2018 and filed to become a registered adviser with the United States Securities and Exchange Commission (the “**SEC**”) in March 2019. Advantage Alpha’s principal place of business is San Francisco, California. Advantage Alpha Capital Partners, LLC, a Delaware limited liability company, is the Firm’s general partner. Raja S. Moorthy, Anthony P. Brenner, and the Brenner 2015 Exempt Family Trust are the Firm’s principal owners.

**Item 4.B.**

Advantage Alpha provides investment advisory services on a discretionary basis to a privately offered pooled investment vehicle, Advantage Alpha Capital LP (the “**Fund**”). In the future, the Firm may form additional funds and/or manage separately managed accounts.

Advantage Alpha Capital GP, LLC, a Delaware limited liability company (the “**General Partner**”), serves as the general partner to the Fund. Advantage Alpha is granted investment discretion and authority to manage the Fund’s investments subject to any restrictions imposed by the Fund’s governing documents.

The Fund is intended for investment by certain investors (collectively the “**Investors**” and each an “**Investor**”) that meet the definition of “accredited investor” as defined under Regulation D of the securities Act of 1933, as amended, and “qualified purchasers” under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Company Act**”) so as to comply with the exemptions under Section 3(c)(7) of the Company Act.

The Firm does not limit its investment advice to only certain types of investments. Please see Item 8.A. for a description of the Firm’s investment strategy.

**Item 4.C.**

The Firm’s advisory services are provided to its client, the Fund, pursuant to the terms of the Fund’s offering documents and based on the specific investment objectives and strategies as disclosed in the offering documents. The advisory services the Fund receives are tailored to meet the specified investment objectives and strategies as set forth in the Fund’s offering documents and Investors cannot obtain services tailored to their individual specific needs.

The Firm has entered into side letter agreements with certain founding Investors. Side letters are negotiated prior to investment and may establish rights that supplement or alter the terms of the applicable governing documents. Such rights may not be available to other Investors. Once invested in the Fund, Investors generally cannot impose additional investment guidelines, restrictions, or other requirements on the Fund.

**Item 4.D.**

Not applicable. Advantage Alpha does not participate in, nor does it sponsor, wrap fee programs.

**Item 4.E.**

As of December 31, 2018, Advantage Alpha manages approximately \$195,699,993 in regulatory assets under management on a discretionary basis. Advantage Alpha does not manage client assets on a non-discretionary basis.

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**Item 5: Fees and Compensation**

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**Items 5.A. and 5.B.**

Advantage Alpha generally charges a quarterly management fee ("**Management Fee**") equal to 0.375% of each Investor's capital account balance (approximately 1.5% per year). The Management Fee is paid in advance based on the net asset value of each Investor's capital account on the first day of each fiscal quarter.

The General Partner is generally entitled to a performance allocation ("**Performance Fee**") of 20% of the annual increase, if any, of the Fund subject to a high watermark, as described in the Fund's governing documents. The Performance Fee is calculated based on both realized gains and losses and unrealized appreciation and depreciation of securities held in a Fund's portfolio. The Performance Fee is made to the General Partner at the end of each fiscal year (and on any withdrawal by or distribution of funds to an Investor during a fiscal year).

The Firm is authorized to deduct Management and Performance Fees from the Fund. The Firm or the General Partner, as applicable, may, by agreement with particular Investors, reduce, waive, or modify the Management or Performance Fee attributable to those Investors. Details regarding Management and Performance Fees are set forth in the Fund's relevant offering and governing documents.

**Item 5.C.**

The Firm and the General Partner bear their own overhead and administrative expenses.

Fund shall bear all costs and expenses of its organization and ongoing operation including, without limitation, (a) all trading costs and expenses (such as, for example, brokerage commissions and charges, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees), (b) all interest and commitment fees on loans and debit balances (on margin or otherwise), all costs and expenses of negotiating and entering into contracts and arrangements and making investments (such as brokerage, legal, accounting, investment banking, appraisal and other professional and consulting fees and expenses arising from particular investments and potential investments) and similar expenses in terminating those contracts and arrangements and disposing of the Fund's investments, (c) all research-related fees and expenses, including but not limited to all costs and expenses incurred in visiting companies and attending research conferences (for example, airfare, hotel accommodations and meals), research consulting fees and subscription fees for publications, (d) service contracts and equipment related to online research, portfolio management and quotation services (such

as Bloomberg), (e) costs and expenses associated with regulatory filings of the Fund, the Firm or its affiliates relating to the Fund (including, but not limited to filings under Section 13 of the Securities Exchange Act of 1934, as amended, (the “**Exchange Act**”) and Form PF), (f) all costs and expenses associated with registering the Fund’s restricted securities, (g) all costs and expenses incurred in attempting to protect or enhance the value of the Fund’s investments (including the costs and expenses of instituting and defending lawsuits or engaging in proxy contests or tender offers), (h) all income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (i) all fees and charges of custodians, clearing agencies and banks, (j) all administration, bookkeeping, recordkeeping, middle and back office services (such as order management and trade reconciliation), legal, accounting, auditing, tax preparation and all professional, expert and consulting fees and expenses arising in connection with the Fund’s activities (including fees and expenses of counsel for the Fund or the Firm), (k) all fees, costs and expenses of offering and selling Fund Investor interests and communicating with existing and prospective Fund Investors (including, without limitation, legal and accounting fees and expenses, governmental and self-regulatory agency filing fees), (l) all costs of maintaining any appropriate registrations of the Fund or of the General Partner and the Firm that relate to the Fund’s U.S. and non-U.S. activities, (m) all costs and expenses of investing the Fund’s assets indirectly, such as through a Fund or other entity, including the Fund’s proportionate share of the costs and expenses of organizing and operating that entity, (n) all premiums and other costs and expenses of insurance policies as the Investment Adviser considers appropriate, insuring the Fund, the Firm and their affiliates against liabilities that may arise in connection with the business or management of the Fund, (o) all costs and expenses of proxy voting services, (p) any contingencies for which the Firm determines reserves are required, and (q) any extraordinary expenses (such as litigation expenses). The Fund will reimburse the General Partner or the Firm for any of such expenses paid by it. Except as described above, the General Partner and the Firm shall bear all of their operating, general, administrative and overhead costs and expenses and shall not otherwise charge the Fund for any thereof, except that these costs and expenses, together with all or any portion of the Fund’s expenses, may be paid by securities brokerage firms and futures commission merchants to which the General Partner or the Firm directs the securities trades of the Fund and any other accounts managed by the General Partner or the Firm as further provided in the Fund’s governing documents.

When the Fund invests in exchange traded funds (“**ETFs**”), the Fund bears its proportionate share of the fees and expenses of the ETF. Please see disclosures in the section entitled “ETFs” under Items 8.B. and 8.C. Please see Item 12 below for a discussion of brokerage.

***It is important that Investors refer to the relevant governing documents for a complete understanding of expenses and fees they may pay through an investment in the Fund. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by such documents.***

#### **Item 5.D.**

As disclosed in Items 5.A. and 5.B above, the Management Fee is paid in advance on the first day of each fiscal quarter. An Investor that is permitted to withdraw or is distributed capital on a date other than the last day of a fiscal quarter is not entitled to a refund of any Management Fee paid in advance.

#### **Item 5.E.**

Not applicable. Neither Advantage Alpha nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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**Item 6: Performance-Based Fees and Side-by-Side Management**

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Please see response to Item 5.A. Advantage Alpha understands that there exist certain potential conflicts of interest associated with the presence of a performance-based fee. Such a fee may create an incentive for the Firm to cause the Fund to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. However, Advantage Alpha manages the Fund in accordance with its investment strategy and any restrictions set forth in the Fund's governing documents so that Investors are aware of the applicable investment strategy, restrictions, and risks.

As of the date of this Brochure, the Firm's sole client is the Fund and thus no conflicts exist for side-by-side management of client accounts.

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**Item 7: Types of Clients**

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Advantage Alpha provides investment advice to a private pooled investment vehicle domiciled in Delaware. Please also see Item 4.B. for additional information.

The minimum investment amount by an Investor in a Fund is generally \$1,000,000. The Firm and/or General Partner retains the right to reduce or waive such minimum amount.

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

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There is no guarantee that the Firm will accomplish its investment objectives or that the Firm's investment strategy and risk management will be successful. Investing in securities involves significant risk of loss that Investors and prospective Investors should be prepared to bear.

**Item 8.A.**

Advantage Alpha pursues a strategy that is designed to be market neutral on a beta-adjusted basis focused primarily on U.S. small cap equity securities. Advantage Alpha selects securities for the Fund's long portfolio from the Firm's proprietary "watch list," which is generated through a fundamentally driven portfolio construction process. Typically, the Fund's long portfolio will average approximately 70 positions (although the number may range from 50-100 positions at times). The Firm expects that companies added to the watch list will generally be in the market capitalization range of \$500 million to \$5.0 billion at the time of inclusion but may exceed or fall under these general guidelines with the passage of time. Advantage Alpha establishes short exposure (primarily through ETFs and futures and other derivatives) that hedges its long exposure on a beta adjusted basis.

Advantage Alpha also may invest Fund assets in other types of equity securities, options (including covered and uncovered puts and calls and over-the-counter options), futures (including index futures and options on futures), ETFs, preferred stocks, convertible securities, warrants, rights, swaps and other derivative instruments, bonds and other fixed income securities, private securities, non-U.S. currencies, other commodity interests and money market instruments.

## Items 8.B. and 8.C.

The following summary identifies and provides a brief explanation of the material risks related to the Firm's significant investment strategies and should be carefully evaluated before making an investment with the Firm; however, the following does not intend to identify all possible risks of an investment with the Firm or provide a full description of the identified risks of an investment in any of the Funds. Additional information regarding the material risks related to the Firm's significant investment strategies is set forth in each Fund's offering documents.

**Investment Risks.** The Fund invests principally in equity and equity-related securities that are traded in U.S. markets. The Fund also engages in hedging and uses a significant amount of leverage. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. The Fund's investment portfolio may not generate any income or appreciate in value.

**Investment Selection.** The Firm selects all Fund investments and strategies. Investors have no opportunity to select or evaluate any Fund investments or strategies. The likelihood that Investors will realize income or gain depends on the Firm's skill and expertise. The Firm may be unsuccessful, and the Fund may incur significant losses.

**Investing in Small and Middle Market Capitalization Companies.** The Fund invests in companies that have small or medium size market capitalizations. Investments in such companies typically involve a high degree of business and financial risk and can result in substantial losses due to special risk factors. For example, such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. In light of these characteristics, the Fund may be subject to a greater degree of investment risk, to the extent it invests in Securities of companies with lower market capitalization, than other investment entities that invest in companies with larger capitalizations.

**Limited Liquidity of Investments.** The Fund may invest in thinly traded and relatively illiquid securities or securities that may cease to be traded after the Fund invests. The Fund also may take positions in some securities that are relatively large as compared to trading volumes or overall market capitalization. In such cases and in the event of extreme market activity, the Fund may not be able to sell its investments promptly if necessary or it may need to sell them at far less than the Firm believes they are worth. In addition, the Fund's sales of thinly traded securities are likely to depress their market value and thereby reduce the Fund's profitability or increase its losses. Such circumstances or events could affect the Fund's gain or loss materially and adversely.

**Hedging.** The Fund intends to use hedging strategies (through derivatives and short selling) to attempt to control risk. These strategies may not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. The Fund may not be able to hedge a particular position, which can result in undesired exposure to that position and may lead to liquidation of that position when it is disadvantageous to the Fund.

**Short Sales.** The Fund sells securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Fund



must pay for the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Fund's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

**General Risks of Leverage.** The Fund uses a significant amount of leverage, both through the leverage inherent in instruments in which it invests (such as certain ETFs, futures, options, swaps and other derivative contracts) as well as through the use of margin and other leveraging strategies. Such leverage increases profit potential, but at the same time increases risk of loss and volatility. In the stock market, "margin" refers to buying stock on credit. Margin customers are required to keep cash and securities on deposit with their brokers as collateral for their borrowings. As a result, a relatively small price movement in a security may result in immediate and substantial losses to an investor. For example, if at the time of purchase 50% of the price of a security is borrowed on margin, a 20% decrease in the price of the security would, if the security is then sold, result in a 40% loss of the cash invested before any deduction for brokerage commissions or margin interest costs. Thus, any purchase of securities using leverage increases the risk and volatility of the Fund's portfolio and may result in losses that greatly exceed the amount invested. In addition, margin trading requires the Fund to pledge its securities as collateral. Margin calls or changes in margin requirements can require the Fund to pledge additional collateral or liquidate its holdings, which can force the Fund to sell securities at substantial losses that it otherwise would not incur.

**ETFs.** The Fund buys and sells ETFs. ETFs purchase and sell securities, such as stocks, commodities and bonds (or have exposures to such securities through swaps and other derivative instruments). Some of the ETFs purchased for the Fund's portfolio may concentrate heavily in a particular asset category or sector. These categories could include, among others, sector funds, blue chip stock funds, small capitalization stock funds or growth funds; such funds may specialize even further on the basis of country or region of the world and engage in the use of leverage and short selling. Investors in ETFs generally bear all of their expenses, including fees of the Firm and custodian, brokerage commissions and legal and accounting fees. As a result, Investors will be paying two levels of advisory fees – the Management Fee to the Firm and the advisory fee charged by the Firm of any ETFs in the Fund's portfolio. The foregoing fees and expenses may be expected to result in a higher cost of investment than would be the case if Investors were to invest directly in the ETFs in which the Fund invests. As a result, the returns realized by the Investors from the Fund's activities will be less than the returns Investors would realize from engaging in the same activities directly.

**Futures, Options and Other Derivatives.** The Fund uses both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose the Fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

**Contractual Risks of Swaps and Similar Instruments.** The Fund may use derivative instruments, such as swaps, contracts for difference, participation notes, equity swaps, and zero strike calls and warrants, to gain economic exposure (whether long or short) to a particular underlying security that the Fund cannot or does not want to own directly. Many of these derivative instruments are structured as contracts between the Fund and a counterparty. In a typical contract, the Fund deposits an amount of cash with its custodian (or broker, if legally permitted) that is equal to the selling price of the underlying security and an additional

amount to serve as the initial collateral for a change in value of the underlying security. Thereafter, the Fund pays or receives cash or other assets from the broker or custodian based on the change in the value of the underlying security.

**Forward Trading.** Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction individually. Forward and “cash” trading is substantially unregulated; there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they would buy and that at which they would sell. Disruptions can occur in any market in which the Fund trades due to unusually high trading volume, political intervention or other factors. Government controls might also limit the Fund’s desired level of forward trading. Any such market illiquidity or disruption could adversely affect the Fund.

**Stock Index Futures.** Using stock index futures involves several risks. Price movement in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, the Fund may not be able to liquidate unfavorable positions promptly and may lose money.

**Securities Lending.** The Fund may lend securities to brokers, Futures Commission Merchants (“FCMs”) and other institutions to earn additional income. These loans typically are fully collateralized daily, but the value of the collateral may fall below the value of the loaned securities or the Firm may misjudge the other party’s creditworthiness. If the other party becomes insolvent or bankrupt, the Fund could incur losses if the collateral is insufficient or experience delays and incur costs in liquidating the collateral or recovering payment or the securities. If, in the meantime, the value of the securities changes, the Fund could incur further losses.

**General Risks of Non-U.S. Investments.** The Fund may invest in securities of non-U.S. companies, including ADRs and GDRs, which involves unusual risk not typically associated with investing in U.S. companies. These risks include, but are not limited to, currency volatility, less public information available regarding issuers, limited liquidity of securities, greater price volatility and political risks associated with the countries in which such securities are traded and the countries where the issuers are located. Exchange control regulations or changes in the exchange rate between other currencies and the U.S. dollar may affect the Fund unfavorably. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. The value and marketability of the Fund’s investments in some countries may be materially and adversely affected by expropriation or confiscatory taxation, limitations on removing funds or other assets, political or social instability, or diplomatic developments.

**Economic and Political Conditions.** The Firm may need to modify the Fund’s investment strategy in the future to satisfy regulatory requirements or to compete in a changed business environment. For example, the U.S. government has indicated its willingness to implement additional measures as it may see fit to

address changes in market conditions, and further Congressional responses may result in additional comprehensive overhauls of the regulatory infrastructure governing the financial system. Government measures may have further negative consequences for the Fund and may diminish future opportunities available to it in unpredictable ways. Given the volatile nature of the market environment, the Firm may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment.

**No Control Over Portfolio Issuers.** The Fund may acquire substantial positions in the securities of particular companies. Nevertheless, the Fund is unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

**Concentration of Investments.** the Fund intends to invest in a relatively limited number of investments (when compared to various broad-based market indices), so aggregate returns realized by it may be substantially affected by the unfavorable performance of a small number of such investments. If the Fund's investments are concentrated in a particular industry or region, its portfolio will be more susceptible to fluctuations in value and losses resulting from adverse economic conditions affecting that particular industry or region.

**Cybersecurity.** Although the Firm and its affiliates employ various computer security measures, there can be no guarantee that they would be successful in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of their information technology systems. Cybersecurity breaches of the Firm's systems, its affiliates or their service providers (including accountants, custodians, transfer agents and administrators) may cause disruptions to business operations, cause losses due to theft or other reasons, interfere with the Fund's net asset value calculations, impede trading, or lead to violations of applicable privacy and other laws, regulatory fines and penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. The Firm and the Fund cannot control the cybersecurity plans and systems put in place by their service providers and the issuers in which the Fund invests. System breaches can and do occur. Any cybersecurity breach could materially and adversely affect the Fund.

**Trade Errors by the Firm.** The Firm places orders for the purchase and sale of securities with brokers and FCMs on behalf of the Fund. The trading process is complex and can vary for different types of securities. Moreover, the Firm may break up orders, or may buy or sell the same security for more than one client, further complicating the trading process. The Firm might make trading errors. The Fund is responsible for any such trade errors, whether the error benefits or hurts the Fund. The Firm and its affiliates generally will not bear the cost of any trade error or reimburse the Fund for resulting costs or losses unless it results from the Firm's or its Affiliate's gross negligence, material violation of the Agreement, willful misconduct or fraud.

**Portfolio Turnover.** The Fund trades securities actively and incurs significant brokerage, custody and other transaction costs and expenses. It may have higher portfolio turnover than other investment funds. These and other expenses of operating the Fund (including Management Fees and fees payable to the administrator) are paid out of the Fund's capital, reducing the Fund's investments and potential for profitability. This risk is higher if the Fund has limited capital.

**Valuation.** The Firm determines the value of the Fund's securities and has an incentive to overvalue those securities so that it receives a greater Management Fee and the General Partner receives a larger

Performance Fee than the fee and allocations that they otherwise would be entitled to receive. The Firm may not be able to effectively manage the Fund's investment portfolio, diversification and other internal guidelines and risks if the Fund's portfolio is inaccurately valued. Any such inaccuracy could affect the Investors adversely.

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***Item 9: Disciplinary Information***

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There are no material legal or disciplinary events related to the Firm.

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

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**Item 10.A.**

Neither Advantage Alpha nor any of its management persons is registered or has any application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**Item 10.B.**

Advantage Alpha is registered with the United States Commodity Futures Trading Commission ("**CFTC**") as a commodity pool operator and is a member of the National Futures Association ("**NFA**"). Raja Moorthy, the Firm's Managing Partner, is registered an associated person of Advantage Alpha. Neither Advantage Alpha nor any of its management persons is registered or has an application pending to register as a futures commission merchant, a commodity trading advisor or an associated person of the foregoing entities.

**Item 10.C.**

As noted in response to Item 4.B., the General Partner is an affiliate of Advantage Alpha and serves as the general partner of the Fund and, in this capacity, may receive Performance Fees from the Fund.

Raja Moorthy, the Firm's Managing Partner, and Anthony Brenner, the Firm's Chairman, are a Member and Managing Member, respectively, of Pivot Point Capital Partners, LLC ("**PPC**"). PPC is an investment adviser registered with the SEC and shares operations and office space with Advantage Alpha. Mr. Brenner and Mr. Moorthy also control Pivot Point Capital GP LLC, the general partner of the private investment fund managed by PPC ("**PPC Fund**"). In December 2017, PPC informed the PPF Fund's investors its decision to wind down the PPC Fund and initiated the process of orderly liquidation and commenced the process of terminating investment operations. Given that PPC is no longer adding positions to the PPC Fund or offering fund interests for sale, we believe this avoids any material conflicts of interest. While there is no referral arrangement or other agreement between PPC and Advantage Alpha, it is possible that some of PPC Fund's investors may become investors in Advantage Alpha.

**Item 10.D.**

Not applicable. Advantage Alpha does not recommend other investment advisers to its clients.

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

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**Item 11.A.**

In order to address conflicts of interest that may exist between the Firm and its clients, Advantage Alpha has adopted a Code of Ethics (the “**Code**”), which is applicable to all of Advantage Alpha’s officers, directors, managers, members, and employees (collectively, “**Employees**”). The Code generally sets the standard of ethical and professional business conduct that Advantage Alpha requires of Employees, sets forth the fiduciary obligations that Advantage Alpha and each Employee owes to each client, and requires Employees to comply with applicable federal securities laws and regulations.

The Code sets forth Advantage Alpha’s policies and procedures with respect to personal trading and requires Employees to obtain written approval before transacting in certain personal securities transactions, including transactions in private placements or limited offerings and initial public offerings. Employees must also report personal securities holdings initially and annually and personal securities transactions on a quarterly basis. Additionally, the Firm’s Compliance Manual includes policies and procedures with respect to material non-public information and other confidential information, political contributions, gifts and entertainment, electronic communications and other matters related to potential conflicts of interest.

The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and read the Code and any amendments thereto.

A copy of the Code is available to any client or Investor or prospective client or Investor upon request by contacting the Chief Compliance Officer at (415) 343-7077 or by email at [inquiries@advantagealpha.com](mailto:inquiries@advantagealpha.com).

**Items 11.B., 11.C. and 11.D.**

In limited situations, an Employee may invest in the same securities that the Firm recommends to the Fund. In order to monitor any conflict of interest, Advantage Alpha Employees are required to pre-clear contemplated transactions for a personal account, as outlined in the Code.

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**Item 12: Brokerage Practices**

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**Item 12.A.**

Advantage Alpha has full discretion to determine which investments to purchase and sell on behalf of the Funds. When selecting the brokers and/or dealers, or FCMs, through whom transactions for the Fund is executed, Advantage Alpha will allocate those transactions to such brokers, dealers or FCMs for execution on such markets, at such prices and at such brokerage commission rates, mark ups or mark downs (which may be in excess of the prices or rates that might have been charged for execution on other markets or by other brokers, dealers or FCMs) as in Advantage Alpha’s good faith judgment are appropriate, subject to Advantage Alpha’s duty to seek best execution.

When selecting broker-dealers or FCMs to execute transactions, Advantage Alpha considers best

execution capabilities and certain services provided by the broker-dealer or FCM, such as, third party research reports, services and conferences (including third party research fees), outsourced trading expertise and services of brokers that provide trading desks to their customers, economic and market information, portfolio strategy advice, industry and company comments, technical data, performance measuring data and software (including risk and quantitative models), on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, willingness to commit capital, knowledge of market participants, order of call, offering to the General Partner or the Firm on-line access to computerized data regarding clients' accounts, computerized trading systems, clearance, settlement, reputation, financial strength and stability, confidentiality, efficiency of execution and error resolution, quotation services, custody, recordkeeping and similar services, general business or operational consulting, and other matters involved in the receipt of brokerage services generally.

#### **Item 12.A.1.**

The Firm may cause the Fund to pay a brokerage commission that exceeds that which another broker or FCM might charge for effecting the same transaction in recognition of the value of the brokerage, research, other services and soft dollar relationships provided by that broker or FCM.

Advantage Alpha may receive soft dollar credits on principal, as well as agency, transactions with brokers and FCMs or direct a broker or FCM that executes transactions to share some of its commissions with a broker or FCM that provides soft dollar benefits to the Firm. Section 28(e) of the Exchange Act provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities.

In acquiring services or products using soft dollars, Advantage Alpha has an incentive to cause the clients to pay higher compensation, use different brokers or FCMs, and effect more transactions than it might otherwise do, possibly at the clients' expense. However, Advantage Alpha uses soft dollars only to acquire services and products that constitute "research" and "brokerage" within the meaning of Section 28(e). Following is a description of third-party research the Firm has obtained using soft dollar benefits: (i) electronic market data (real-time quotes, news, charts, regulatory filings, research and analytics, earnings call transcripts) delivered directly to investment team members' personal computers; and (ii) industry expert consulting services.

At present, the Firm outsources the trading function to BTIG, LLC. On an annual basis, the Firm prepares a budget for allocating trades to various brokers during each calendar year, which is reviewed and adjusted periodically to accommodate new stocks added to the Firm's watch list.

The relationships with brokers and FCMs that provide soft dollar services to Advantage Alpha influence the Firm's judgment in allocating brokerage transactions and create a conflict of interest in using the services of those brokers and FCMs to execute the Fund's brokerage transactions. The brokerage fees that the Fund pays benefit Advantage Alpha at the expense of the Fund to the extent that soft dollars are used to pay any Firm expenses that are not otherwise reimbursable by the Fund. Advantage Alpha believes that these relationships benefit both it and the Fund, but Fund trades executed through these firms or any other broker or FCM may or may not be at the best price otherwise available. Additionally, Advantage Alpha manages this potential conflict by conducting a review of the brokerage firms' and FCMs' services on at least an annual basis.

**Item 12.A.2.**

Not applicable. Advantage Alpha does not select or recommend broker-dealers or FCMs in exchange for client referrals from such broker-dealers or FCMs.

**Item 12.A.3.**

Not applicable. Advantage Alpha does not permit its clients to provide a directed brokerage instruction and does not recommend, request or require clients to execute transactions through specified broker-dealers.

**Item 12.B.**

Currently the Advantage Alpha provides advisory services to a single client and thus aggregation of sale and purchase orders and allocation of investments amongst multiple clients is not applicable.

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**Item 13: Fees and Compensation**

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**Item 13.A. and 13.B.**

The Fund's portfolio is reviewed on a regular basis to determine conformity with the Fund's stated risk parameters, investment objectives, and guidelines. Advantage Alpha continuously monitors the investments in the Fund's portfolio. Advantage Alpha's investment personnel convene regularly to evaluate the Fund's portfolio's conformance with the Fund's offering documents and any investment limitations, restrictions or risk parameters.

**Item 13.C.**

Investors receive monthly reports indicating their capital balances. Additionally, U.S. investors are generally issued Schedule K-1's after the close of a fiscal year-end. Audited financial statements prepared in accordance with generally accepted accounting principles are generally provided to investors within 90 days of a financial year-end. The reports discussed in the preceding are provided in written form.

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

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**Item 14.A. and B.**

Neither the Firm nor any related person retains third-party marketers or solicitors or otherwise directly or indirectly compensates any person who is not a supervised person of the Firm for client or investor referrals. The Firm does not receive a benefit from anyone who is not a client for providing advisory services to clients.

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**Item 15: Custody**

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The Fund's assets are held at qualified custodians. To comply with Rule 206(4)-2 under the Advisers Act, the Fund will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to the Fund's investors within 90 days of the end of the Fund's fiscal year.

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**Item 16: Investment Discretion**

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Advantage Alpha has full discretion to manage assets on behalf of the Fund and determine which securities and amounts of securities the Firm buys and sells for the Fund. This authority is granted in accordance with the authority granted to Advantage Alpha by means of the relevant organizational and/or advisory agreements that sets forth the scope of the Firm's discretion with respect to the Fund.

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**Item 17: Voting Client securities**

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Advantage Alpha's authority generally includes proxy voting and the Firm has adopted and implemented proxy voting guidelines to vote proxies in the best interest of its clients. Advantage Alpha has engaged a proxy voting service provider and adopted proxy voting service provider's Proxy Voting Guidelines. A summary of the Guidelines is available upon request.

Advantage Alpha seeks to minimize the potential for conflict by utilizing the services of a proxy voting provider, to provide voting recommendations that are consistent with this proxy policy. If a conflict is identified and deemed "material", Advantage Alpha will determine whether voting in accordance with Proxy Voting Guidelines is in the best interests of the Fund.

With respect to material conflicts, Advantage Alpha will determine whether it is appropriate to disclose the conflict to the Fund (or Investors) and give the Fund (or Investors) the opportunity to vote the proxies in question themselves (except for an ERISA Investor that has in writing reserved the right to vote proxies when Advantage Alpha has determined that a material conflict exists). Advantage Alpha may also abstain from voting, delegate the voting decision for such proxy proposal to an independent third party to determine how the proxies should be voted, or take any other course of action that, in the opinion of Advantage Alpha, adequately addresses the potential for conflict.

Each Investor may request information on how Advantage Alpha voted with respect to the securities of the Fund and obtain a copy of Advantage Alpha's proxy voting policies and procedures by contacting the Chief Compliance Officer at (415) 343-7077 or by email at [inquiries@advantagealpha.com](mailto:inquiries@advantagealpha.com).



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**Item 18: Financial Information**

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**Item 18.A.**

Advantage Alpha does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

**Item 18.B.**

There are no conditions that impair Advantage Alpha's ability to meet its contractual and fiduciary commitments to its clients.

**Item 18.C.**

The Firm has not been subject to a bankruptcy petition, past or pending.