

**ITEM 1  
COVER PAGE**

**PART 2A OF FORM ADV: FIRM BROCHURE**

**TWINBEECH CAPITAL LP**

**June 7, 2019**

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*This brochure (this “Brochure”) provides information about the qualifications and business practices of TwinBeech Capital LP (“TwinBeech”). If you have any questions about the contents of this Brochure, please contact us at [contact@TwinBeech.com](mailto:contact@TwinBeech.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.*

*This Brochure also relates to one or more general partner entities that are affiliates of TwinBeech (collectively, the “TwinBeech Fund General Partners”); however, to the extent the qualifications and business practices of the TwinBeech Fund General Partners are substantially similar to those of TwinBeech, no specific mention of the TwinBeech Fund General Partners is necessarily made herein.*

*TwinBeech is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

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

## **ITEM 2**

### **MATERIAL CHANGES**

This filing amends our initial Form ADV Part 2A to include the following material changes:

- TwinBeech has \$752,102,889 in regulatory assets under management and meets the asset threshold requirement for SEC-registered investment advisers.

Additionally, TwinBeech has added information throughout the Brochure regarding a newly-formed fund we expect to launch in the near future and further detail regarding our existing client.

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## ITEM 4 ADVISORY BUSINESS

### A. General Description of Advisory Firm.

#### 1. TwinBeech Capital LP.

TwinBeech Capital LP (the “Investment Adviser,” “TwinBeech,” “we” and “us”) is a Delaware limited partnership that was formed in 2018. Either directly or indirectly, Jinghua Yan is the principal owner of the Investment Adviser. TwinBeech, its principals and affiliates, their respective principals and affiliates, and/or persons or accounts advised by any of them or their respective affiliates, including all funds or other persons affiliated with, sponsored or managed by, TwinBeech are collectively referred to herein as the “TB Group”).

Our offices are located in New York, New York.

#### 2. TwinBeech Capital GP LLC.

Our general partner, TwinBeech Capital GP LLC, is a Delaware limited liability company (the “TwinBeech General Partner”), which also serves as the general partner to TwinBeech Capital Fund GP LP, described below. Jinghua Yan owns a majority interest in the TwinBeech General Partner, and serves as its managing member. The TwinBeech General Partner has ultimate responsibility for the management, operations and investment decisions of TwinBeech.

#### 3. TwinBeech Fund General Partner(s).

One or more general partner entities affiliated with the Investment Adviser acts, or will act, as general partner to TwinBeech-affiliated private funds. Pursuant to SEC guidance, generally, any such general partner is, or will be, considered a registered investment adviser under the registration of TwinBeech. These general partner entities include TwinBeech Capital Fund GP LP, a Delaware limited partnership, which acts as the general partner to the Twin Beech Capital Fund (as defined below), and any future entity organized to serve as a general partner of a TwinBeech Fund (also as defined below) (each a “Fund General Partner” and collectively, the “TwinBeech Fund General Partners”).

### B. Description of Advisory Services.

This Brochure generally includes information about us and our relationships with certain private pooled investment vehicles and/or separately managed accounts (each such current or, once accepted, future, vehicle or account, our “Client”). While much of this Brochure applies to all such Clients and the TwinBeech Fund General Partners, depending on the context, certain information included herein applies only to specific Clients or specific TwinBeech Fund General Partners.

1. Advisory Services.

We currently serve as a sub-adviser with discretionary trading authority to a third-party fund organized as a master-feeder structure as described below:

- EGMF Master LP is a Cayman Islands-exempted limited partnership (the “EGMF Master Fund”). EGMF Domestic LP and EGMF Offshore Ltd. (together, the “EGMF Feeder Funds”) each invest their assets pursuant to a “master-feeder” structure into the EGMF Master Fund where trading with respect to the EGMF Feeder Funds generally takes place. The EGMF Master Fund and EGMF Feeder Funds are collectively referred to herein as the “EGMF Fund.”

Additionally, we expect to serve as investment adviser to our own affiliated funds organized as a master-feeder structure as described below:

- TwinBeech Capital Master Fund LP is a Cayman Islands-exempted limited partnership (the “TwinBeech Capital Master Fund” and, together with the EGMF Master Fund, each a “Master Fund” and, collectively, the “Master Funds”). TwinBeech Capital Fund LP, a Delaware partnership, and TwinBeech Capital Offshore Fund LP, a Cayman Islands-exempted limited partnership (together, the “TwinBeech Capital Feeder Funds” and collectively with the EGMF Feeder Funds, each a “Feeder Fund” and together, the “Feeder Funds”) invest their assets into the TwinBeech Capital Master Fund where trading with respect to the TwinBeech Capital Feeder Funds takes place. The TwinBeech Capital Master Fund and TwinBeech Capital Feeder Funds are collectively referred to herein as the “TwinBeech Capital Fund.” Each of the EGMF Fund and the TwinBeech Capital Fund are referred to herein as a “Fund” and, collectively, as the “Funds.”
- One or more additional related privately offered vehicles that we may form in the future (collectively with the TwinBeech Capital Funds, the “TwinBeech Funds”).

Further, in the future, we may serve as either an investment adviser or a sub-adviser with discretionary trading authority to additional unaffiliated private funds and/or separately managed accounts. **Although the TwinBeech Capital Fund has not launched as of the date of this filing, this Brochure has been prepared on the basis of the manner in which TwinBeech expects to conduct its advisory business once the TwinBeech Capital Fund has become fully operational.**

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act, or non-“U.S. Persons” as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any*

*such offer or solicitation will be made only by means of a confidential private placement memorandum or other definitive offering document.*

## 2. Investment Strategies and Types of Investments.

The investment objective of the Clients is to generate attractive absolute and risk-adjusted returns on invested capital over a multi-year period.

We seek to achieve this objective through a research intensive, data-driven systematic trading and investment program. Specifically, our personnel develop and acquire statistical quantitative techniques and programs and apply them to a large body of data in an effort to isolate and identify potentially profitable trading and investment strategies. Among other things, we seek to identify positive or negative correlations between securities or other instruments, assets or economic/financial conditions and to profit when prices or values related to those instruments, assets or conditions diverge. We also apply quantitative analysis to datasets in an attempt to identify patterns in historical data and predict the future prices or values of instruments or markets based on these patterns. These strategies entail the use of proprietary computer software systems and technology in making and managing investments across a broad range of instruments, involving both long and short investment holdings. These opportunities can be extremely short-lived (which necessitates a trading system that can make decisions and effect executions quickly) or can exist for a somewhat longer period (which can allow for more of a focus on strategic timing). Our trading and investment strategies may involve trading any asset, instrument or security including, without limitation, publicly traded equities, equity swaps, listed futures, equity options and options on futures, cleared swaps and other derivatives.

While our quantitative analysis and implementation of the investment strategies may be managed by specific personnel within our organization (as well as any potential third party or affiliated sub-advisers) from time-to-time, TwinBeech will exercise overall management and control of all such strategies. The development of any trading strategy is reliant on the abilities of our personnel and on the technical resources made available to the personnel researching and implementing the strategy.

It should also be noted that: (i) our strategies will not be necessarily employed at the same time, (ii) there is an overlap of markets, instruments, themes and other attributes among strategies, (iii) each strategy employs a number of distinct and different sub-strategies, and (iv) we may modify, supplement, discontinue or substitute strategies and sub-strategies from time to time without notice.

In addition, on behalf of our Clients, we may employ active or passive hedges, in our sole discretion, for a number of reasons, including risk management. Hedges can be specific to one or more positions or strategies or to a Client's portfolio as a whole.

Further, on behalf of our Clients, we may invest excess funds in money market instruments, commercial paper, certificates of deposit, U.S. government obligations and bankers' acceptances among other instruments or may hold such excess funds in interest-bearing or non-interest bearing bank accounts. Also, we may reinvest any income earned from such investments in accordance with the relevant Client's investment program.



In accordance with the relevant Client's investment program, we will cause the assets of each Client to be invested, directly or indirectly, on margin or otherwise, in interests commonly referred to as securities, other financial instruments issued by, entered into by or referenced to U.S. or non-U.S. entities and other assets, including, without limitation, capital stock; shares of beneficial interest; partnership interests and similar financial instruments; bonds, notes and debentures (whether subordinated, convertible or otherwise); currencies; commodities; physical and intangible assets; interest rate, currency, commodity, equity and other derivative products, including (i) futures contracts (and options thereon) relating to stock indices, currencies, U.S. government securities and securities of non-U.S. governments, other financial instruments and all other commodities, (ii) swaps, options, warrants, caps, collars, floors and forward rate agreements, (iii) spot and forward currency transactions and (iv) agreements relating to or securing such transactions; repurchase and reverse repurchase agreements; loans; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; mutual funds, exchange traded funds and similar financial instruments; money market funds; obligations of the United States or any non-U.S. government, or any country, state, governmental agency or political subdivision thereof; commercial paper; certificates of deposit; bankers' acceptances; choses in action; trust receipts; and any other obligations and instruments or evidences of indebtedness of whatever kind or nature that exist now or are hereafter created (all such items being called herein "Financial Instruments"); in each case, of any person, whether or not publicly traded or readily marketable.

We intend to continually review and refine our existing strategies, and to examine new ideas and opportunities. The descriptions set forth in this Brochure of specific strategies in which we may cause the Clients to engage should not be understood to limit in any way the Clients' investment activities. We may cause the Clients to engage in any investment strategy, including strategies not described in this Brochure, that we consider appropriate in order to pursue the Clients' investment objectives.

*Risk Management.* Risk is managed on a continuous basis and measured using quantitative risk management techniques and models based on academic research, among other tools deemed appropriate by us. We will seek to identify, assess and manage risks which may relate to, without limitation, (i) trading-related issues, (ii) technological issues, (iii) legal/regulatory issues and (iv) personnel-driven issues.

Risk management will also entail the coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of adverse events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, political developments on a global basis, threats from project failures (at any phase in design, development, production or sustainment life-cycles), legal liabilities, credit risk, accidents, natural disasters, as well as deliberate attack from an adversary, or events of uncertain or unpredictable origin.

*Leverage and Borrowing.* Subject to any restrictions in the relevant Client's investment program or Governing Documents (as defined below), we may cause a Client to use leverage as part of our investment process and in pursuit of its investment objective. On behalf of our Clients, we utilize leverage from a variety of sources, including, without limitation, investments in instruments that have embedded leverage, the retention of different amounts of cash or cash

equivalents in a Feeder Fund, short sales of securities and other Financial Instruments, the use of derivatives, securities lending and repurchase agreements, and any other instruments we may deem appropriate. We have the authority to cause the TwinBeech Capital Fund to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from U.S. or non-U.S. brokers, banks and others on a secured or unsecured basis. The amount of (direct and/or indirect) borrowing may vary depending on market conditions, as determined appropriate, and the amount of leverage may vary across the various Clients and their strategies. Leverage use will vary over time, and there is no cap or other restriction on the type or amount of leverage we may cause the TwinBeech Capital Fund to utilize. The amount of leverage we use may be significant. We also have the authority to cause the TwinBeech Capital Fund to borrow for cash management purposes, such as to satisfy redemption requests. The EGMF Fund will employ leverage consistent with its Governing Documents.

Leverage presents opportunities for increasing the total return on investments but also increases the risk of loss. Events that negatively affect the value of investments may be magnified as a result of the use of leverage and may result in a substantial loss to the Clients. In particular, portfolio positions and strategies of the Clients may experience significant and rapid losses in times of market disruption or when the predictions of the models are incorrect. In addition, changes in interest rates may have a material adverse effect on the Clients.

*Changes in the Investment Program.* Subject to applicable law and any express restrictions set forth in the Clients' Governing Documents, we may change the Clients' investment strategies or policies at any time and without notice. The investment adviser for the EGMF Fund, similarly, may change the investment strategies or policies for the EGMF Fund at any time and without notice, pursuant to their offering and disclosure documents.

*See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss* for more information regarding our investment strategies, types of investments and risk of loss.

### 3. Tailoring of Advisory Services.

We make all investment and trading decisions on behalf of the Funds. Investment advice is provided directly to the Funds according to the Funds' investment objectives and not individually to the Investors.<sup>1</sup> We tailor our advisory services for each Fund based on the investment objective, strategies and any restrictions on investing set forth in the Fund's confidential private placement memorandum, investment management agreement or similar agreement, partnership agreement and/or other organizational documents (the "Governing Documents"), as applicable.

#### C. Wrap Fee Programs.

We do not currently participate in any Wrap Fee Programs.

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<sup>1</sup> "Investor" includes each limited partner or shareholder, as applicable, of the "EGMF Feeder Funds," the "TwinBeech Capital Feeder Funds" and any other TwinBeech Fund.

D. Assets Under Management.

As of May 31, 2019, we have \$752,102,889 in regulatory assets under managements.

## ITEM 5 FEES AND COMPENSATION

### A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. The Investment Adviser's fee schedule is omitted because this brochure is being delivered only to "qualified purchasers," as defined in 2(a)(51)(A) of the Investment Company Act of 1940 (the "Investment Company Act"). A brief summary of such fees, expenses and incentive compensation, however, is provided below.

#### 1. Expense Reimbursement; Startup Fee; Management Fee; Performance Amount.

EGMF Fund Expense Reimbursement and Startup Fee. TwinBeech is compensated for its advisory services to the EGMF Fund in part through an "expense pass-through arrangement." This "expense pass through" arrangement differs from that of many other private fund structures, where the adviser receives a management fee in lieu of a reimbursement for its overhead and similar expenses. The EGMF Fund bears certain expenses including, in certain cases, certain expenses "passed through" by the Investment Adviser or, if applicable, the investment adviser of the EGMF Fund. As set forth more fully in the applicable Governing Documents, the EGMF Fund generally bears all expenses relating to its activities, investments and business, subject to an annual limit (the "Expense Cap") generally based on the total amount of gross assets under management attributable to the EGMF Fund.

Additionally, in connection with the beginning of TwinBeech's relationship with the EGMF Fund, a fee (the "Startup Fee") will be paid to TwinBeech by the investment adviser to the EGMF Fund as compensation for certain expenses. The Startup Fee has already been earned and is subject to the Expense Cap.

TwinBeech Capital Fund Management Fee. The TwinBeech Capital Fund bears an asset-based management fee (the "Management Fee") that is calculated and accrued monthly based on the net asset value of each capital account as of the beginning of such month as adjusted to reflect profits, losses, fees and expenses (excluding the current month's Management Fee and any Performance Amount as described below). The Management Fee is payable in arrears as of the last calendar day of each month or as soon as reasonably practicable after the final determination of net asset value following the end of each quarter.

The Funds' Performance Amount. Each of the EGMF Fund (or its investment adviser) and the TwinBeech Capital Fund will pay TwinBeech or a TwinBeech Fund General Partner, as applicable, an amount determined by reference to the performance of each Fund's respective assets under TwinBeech management, subject to the terms of any applicable Governing Document (any such amount, a "Performance Amount"). The Performance Amounts will generally be calculated based upon the annual trading profits of the assets managed by TwinBeech after subtracting certain expenses, including, with respect to the TwinBeech Capital Fund, the Management Fee.

Withdrawal. In the event that an Investor withdraws or redeems its interest in a Fund other than at the end of a fiscal year, the withdrawal or redemption proceeds payable to such

Investor will be reduced by such Investor's share of the accrued Performance Amount as of the applicable withdrawal or redemption date. Additional detail regarding the Performance Amount is set forth in each Fund's respective Governing Documents.

Negotiability of Fees. With consent from the investment adviser to the EGMF Fund, the Performance Amount may be waived, reduced or calculated differently with respect to certain EGMF Fund Investors. Additionally, the Investment Adviser and/or Fund General Partner, as applicable, in its sole discretion, may fully or partially waive, rebate or calculate differently the Performance Amount with respect to any TwinBeech Capital Fund Investor, including any member of the TB Group, without notice to or the consent of the other Investors. Further, the Investment Adviser and/or the Fund General Partner, as applicable, in its sole discretion, may fully or partially waive, rebate or calculate differently the Management Fee with respect to any TwinBeech Capital Fund Investor, including any member of the TB Group, without notice to or the consent of the other Investors.

B. Payment of Fees.

Fees and compensation paid to TwinBeech or its affiliates are generally deducted from the assets of the Funds in arrears. As discussed above, the Performance Amount is calculated monthly but paid annually. Regarding the EGMF Fund, the Expense Reimbursement is generally paid monthly. Regarding the TwinBeech Capital Fund, the Management Fee also is paid monthly or as soon as practicable following each quarter.

C. Additional Fees and Expenses.

In addition to the Management Fee and the Performance Amount, the TwinBeech Capital Fund will be responsible for all other fees, costs, expenses, liabilities and obligations incurred by the Fund General Partner, the Investment Adviser or any affiliate thereof on behalf of the TwinBeech Capital Fund in connection with its business, including through the TwinBeech Capital Feeder Funds' investment in the TwinBeech Capital Master Fund, and including, without limitation: (i) auditing expenses, accounting, tax, tax preparation (including fees, costs and expenses of the preparation, distribution or filing of TwinBeech Capital Fund-related financial statements or other reports, tax returns, tax estimates and schedules K-1) and legal fees, costs and expenses, including those *provided* by an affiliate or a person affiliated with an employee of the TB Group or a third party; (ii) fees, costs and expenses of the TwinBeech Capital Fund's "partnership representative" (as defined in the Governing Documents); (iii) consulting and professional fees, costs and expenses (including, without limitation, retainers, fees (or other compensation), costs and expenses of consultants and experts); (iv) investment-related fees, costs and expenses (including research); (v) fees, costs and expenses relating to software licensing, data, service and market information relating to the TwinBeech Capital Fund's trading strategy; (vi) costs of swaps or derivative instruments and of negotiating trading arrangements with respect thereto; (vii) hedging costs; (viii) travel expenses (including travel expenses incurred by the Fund General Partner or the Investment Adviser in connection with fundraising and their due diligence review of investments and prospective investments); (ix) printing, communications and postage expenses; (x) valuation service expenses (including third-party valuations, appraisals or pricing services); (xi) trading and risk management software expenses; (xii) brokerage fees, commissions and expenses, expenses relating to short sales (including dividend and stock

borrowing expenses), clearing and settlement charges, custodial fees and expenses, depository fees, bank service fees, margin and other interest expenses and transaction fees, borrowing fees and expenses; (xiii) blue sky and corporate reporting or filing fees and expenses, fees and expenses related to administrative or regulatory filings or reports (including Form PF and any TwinBeech Capital Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation); (xiv) directors' and officers' liability, errors and omissions liability and other insurance and regulatory expenses; (xv) ERISA bonding expenses, if applicable; (xvi) organizational expenses (as defined in the applicable Governing Documents); (xvii) initial ongoing offering expenses, including, without limitation the preparation of, and negotiation with respect to, any side letters or similar agreements, and the preparation of the confidential private placement memorandum, related marketing materials and constituent documents and payments for custody of the TwinBeech Capital Fund's assets, placement and placement agent expenses; (viii) fees and expenses of any administrator or otherwise for the performance of administration services; (xix) any extraordinary expenses (*e.g.*, litigation expenses), incurred by the TwinBeech Capital Fund (whether or not required by GAAP); (xx) all out-of-pocket fees, costs and expenses incurred by the TwinBeech Capital Fund, the Fund General Partner or the Investment Adviser in connection with any conference or meeting with any Investor(s); (xxi) taxes, fees and other governmental charges levied against the TwinBeech Capital Fund (other than certain amounts specified in the applicable Governing Documents); (xxii) the out-of-pocket expenses of any advisory committee ("Advisory Committee") or Advisory Committee members appointed by the Fund General Partner under the applicable Governing Documents; (xxiii) expenses related to the termination, liquidation, winding up or dissolution of the TwinBeech Capital Fund; (xxiv) fees and expenses for complying with any law or regulation related to the activities of the TwinBeech Capital Fund (including regulatory expenses of the Fund General Partner and the Investment Adviser incurred in connection with the operation of the TwinBeech Capital Fund and legal fees and expenses); and (xxv) other TwinBeech Capital Fund expenses as incurred by the TwinBeech Capital Fund, the Fund General Partner or the Investment Adviser. Notwithstanding the foregoing, expenses in excess of 0.75% per annum of the aggregate net assets of the TwinBeech Capital Master Fund, calculated and accrued monthly based on the net asset value of the TwinBeech Capital Master Fund as of the beginning of each month, will be borne by the Fund General Partner, the Investment Adviser or their affiliates; provided, that the Management Fee and expenses set forth in clauses (vi), (vii) and (xii) above will be excluded for purposes of calculating such expense cap.

Additionally, each of the TwinBeech Capital Feeder Funds, as investors in the TwinBeech Capital Master Fund, will bear its *pro rata* share of the expenses of the TwinBeech Capital Master Fund. The TwinBeech Capital Master Fund will bear its own expenses including, but not limited to, the categories of expenses listed above as expenses of the TwinBeech Capital Feeder Funds, as well as the fees and expenses of the administrator and the prime brokers. To the extent that any expenses relate to the operations of the TwinBeech Capital Master Fund and/or one or more other funds or accounts managed by the Investment Adviser or its affiliates, including the TwinBeech Capital Feeder Funds, the Investment Adviser will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses, whether *pro rata* by such entities based on their respective amounts of capital under management or allocated using another reasonable methodology selected by the Investment Adviser.

To the extent that expenses to be borne by a respective Client are paid by TwinBeech, a Fund General Partner or the investment adviser for the EGMF Fund or an affiliate, such Client will reimburse such party for such expenses, unless, in the case of an EGMF Fund, the investment adviser of such EGMF Fund determines otherwise as per the guidelines set forth in the sub-advisory agreement.

TwinBeech (or any other TwinBeech entity) may provide investment management or other services to Clients other than the EGMF Fund and the TwinBeech Capital Fund (including, without limitation, investment funds, separately managed accounts, proprietary accounts, certain affiliated entities and other investment vehicles (collectively, “Other Accounts”)). Expenses incurred by TwinBeech (or any other TwinBeech entity) in respect of any Other Account or in furtherance of the investment program of either Fund or such Other Account will be allocated between the applicable Fund and such Other Account in accordance with TwinBeech’s expense allocation policy, which is designed to allocate expenses in a fair and equitable manner amongst each Client and Other Account. Allocations may be based on factors and methodologies deemed appropriate by TwinBeech, including, among others, actual usage of a specific service or product, relative capital amounts and relative trading volumes, as described in greater detail in the applicable Governing Documents. TwinBeech may adjust its expense allocation policy, without notice; *provided* that TwinBeech determines the adjusted policy continues to be reasonably designed to allocate expenses in a fair and equitable manner over time.

Certain expenses may be shared by all of the Clients and Other Accounts, or may be allocated only to a specific Client or Other Account with respect to which such expenses were incurred, including, regarding certain Clients, overhead and employee compensation (both of which could be considerable).

As is typical for private funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as U.S. mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth under Item 12 *Brokerage Practices*.

D. Prepayment of Fees.

Advisory fees and expenses paid to TwinBeech will generally be assessed and paid in arrears.

E. Additional Compensation and Conflicts of Interest.

Neither TwinBeech nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 *Fees and Compensation*, TwinBeech is entitled to be paid performance-based compensation from both Funds. Such performance-based compensation may create an incentive for the Investment Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

In the future, we and/or our affiliates may accept performance-based compensation from some Clients (other than Clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure), and not other Clients. As a result, we and our affiliates would face certain conflicts of interest that may arise in such cases when an investment adviser accepts performance-based fees from some Clients, but not from other Clients. Additionally, performance-based fees paid by the Clients may vary, which also could create an incentive for the Investment Adviser to favor one Client over another. Further, at least during the initial offering period we expect to manage the TwinBeech Capital Fund as a proprietary account. As a result, we and our affiliates would face certain conflicts of interest that arise in such cases when an adviser manages a Client in which it has a proprietary interest side-by-side with a Client in which it has less or no proprietary interest. We believe these conflicts of interest should be effectively mitigated by our trade allocation policy, which endeavors to divide our trades in a fair and equitable manner across all Clients over time.

Additionally, we assess expenses on a “pass-through” basis for some Clients and not other Clients, as discussed in Item 5.A.1 *Fees and Compensation* above, which can create certain conflicts of interests with respect to our ability to invest in existing or new areas of business.



## **ITEM 7**

### **TYPES OF CLIENTS**

TwinBeech provides investment advice to its Clients, which includes private funds and, potentially, separately managed accounts, as described above under Item 4 *Advisory Business*. It is not expected that any Client will be an individual, trust, investment company or pension plan, however, the Investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may also include, directly or indirectly, principals or other employees of TwinBeech and its affiliates and members of their families or service providers retained by TwinBeech.

TwinBeech does not have a minimum account size for Clients. In general, Investors will be required to be accredited investors and qualified purchasers (as each such term is defined under applicable law) or qualified knowledgeable TwinBeech personnel.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

Our objective is to generate attractive absolute and risk-adjusted returns on invested capital over a multi-year period, consistent with our research intensive, data-driven, systematic trading investment program as described in more detail in Item 4.B.2 *Advisory Business* of this Brochure.

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, as well as investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

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

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in our investment program. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis we use.

*Risk of Loss.* Investing in securities involves a risk of loss that Clients should be prepared to bear. No guarantee or representation is made that the Clients' investment programs, including, without limitation, such Clients' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past performance is no guarantee of future results.

*No Operating History.* TwinBeech, any Fund General Partner and the TwinBeech Capital Fund are newly formed entities and do not have any operating history upon which prospective clients or investors can evaluate their anticipated performance. The investment professionals of TwinBeech have been using investment strategies similar to the investment strategies described herein in other private investment funds for several years. However, there can be no assurance that TwinBeech will achieve results comparable to those that the investment professionals have achieved in the past.

*Business Risks.* Client investment portfolios are expected to consist primarily of liquid securities issued by publicly-traded companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Such risks include, without limitation, volatility in the valuation of such companies, lack of control over the management of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the

Client to dispose of such securities at certain times, and increased costs associated with each of the aforementioned risks.

*Model and Data Risk.* TwinBeech will rely heavily on quantitative and systematic models (both proprietary models developed by TwinBeech, and those supplied by third parties) and information and data supplied by third parties (“Models and Data”). Models and Data can be used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the net asset value of Clients), to provide risk management insights and to assist in hedging Clients’ exposure.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose Clients to potential risks. For example, by relying on Models and Data, TwinBeech may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

All models rely on correct market data inputs that are assumed to be correct. Because TwinBeech’s models are usually constructed based on, or employ, historical or current market data supplied by third parties, the success of relying on Models and Data may depend heavily on the accuracy and reliability of the supplied data, which can contain errors. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative instruments.

For the sake of clarity and without limitation, though Model and Data risks could adversely affect Clients’ performance, losses that arise as a result of the use of Models and Data likely would not constitute reimbursable trade errors under TwinBeech’s policies or its Clients’ Governing Documents.

*Risk of Programming and Modeling Errors.* TwinBeech’s research and modeling process is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although TwinBeech seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the end product raises the chances that the finished model may contain an error or errors, or may not lead to the intended outcome. For example, by relying on models, TwinBeech may be induced to buy certain investments at prices that are too high or low, or to miss favorable opportunities altogether. Similarly, any hedging based on a faulty model or implementation thereof may prove to be unsuccessful.

Some of the models used by TwinBeech are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses to a Client’s portfolio.

For the sake of clarity and without limitation, though losses arising from programming and modeling errors could adversely affect Clients' performance, such losses would likely not constitute reimbursable trade errors under TwinBeech's policies or its Clients' Governing Documents.

*Risk of Programming Implementation Error or Logical Error.* Given the reliance of TwinBeech upon the operation of its models and other software trading and analysis systems, it follows that Clients are therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical and/or mathematical models be certified as free from error; Investors should expect that—at any given time—TwinBeech's code will contain errors of design and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of Clients, rather than improve it.

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" that was not encountered during development, will not cause the system to fail, perform aberrantly or take positions that are (under some reasonable criteria) judged to be inappropriate.

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly, but their interaction gives rise to unanticipated or unintended errors. Given the fact that TwinBeech will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions and that such errors and any related losses would not constitute reimbursable trade errors under our policies or our Clients' Governing Documents.

*Quantitative Model Risk and Risk Management Dangers.* There can be no assurance that the models used by TwinBeech will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of Clients. There can be no assurance that Clients will achieve their investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering Clients' investment objectives.

In addition, to the extent that TwinBeech's systems develop to the point that they execute trades autonomously, undesired results may only be detected after the fact, perhaps after a significant number of transactions have occurred.

Investment and risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In the complex environment in which TwinBeech operates, effective risk management depends upon many factors, not all of

which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement.

At times, TwinBeech may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention and/or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

*Obsolescence Risk.* TwinBeech's systematic trading strategies are unlikely to be successful unless the assumptions underlying TwinBeech's models used to implement those strategies are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and TwinBeech does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result.

Models employed by TwinBeech in connection with its systematic trading strategies cannot fully match the complexity of the financial markets; accordingly, unanticipated changes in underlying market conditions can significantly impact such strategies' performance. As market dynamics shift over time, a previously highly successful strategy may become outdated. Even without becoming completely outdated, a given strategy's effectiveness may decay in an unpredictable fashion as other market participants adopt similar strategies or market dynamics shift. TwinBeech will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. There can be no assurance as to the effects (positive or negative) of any modification on Clients' performance.

*Testing of New Strategies.* To the extent TwinBeech uses a new strategy, method or signal with respect to its Clients, TwinBeech cannot necessarily predict how such new strategy, method or investment signal will perform, and, as a result, its Clients (and their respective Investors) may suffer losses, which could be significant, by pursuing it.

*Systems and Operational Risks Generally.* TwinBeech must develop and implement appropriate systems for its Clients' activities. TwinBeech relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain Financial Instruments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to the oversight of the Clients' activities. In addition, TwinBeech relies on information systems to store sensitive information about its Clients, TwinBeech, their affiliates and the Investors. Certain of TwinBeech's and its Clients' activities will be dependent upon systems operated by third parties, including brokers, prime brokers, the administrator, market counterparties and other service providers, and TwinBeech may not be in a position to verify the risks or reliability of such third-party systems. Failure in the systems employed by TwinBeech, brokers, prime brokers, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in

transactions not being properly booked, evaluated or accounted for. Disruptions in TwinBeech's operations may cause Clients to suffer, among other things, financial loss, the disruption of trading or investment operations, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on Clients and their underlying Investors.

*Reliance on Technical Trading Systems.* TwinBeech will allocate Clients' capital to investment strategies that are based on technical trading systems. Although TwinBeech retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that TwinBeech's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive Financial Instruments' prices.

*Trading Judgment.* The success of the investment and trading strategies employed by TwinBeech is subject to the judgment and skills of its employees. Additionally, the abilities of its employees with regard to execution and discipline are important to a Client's performance. There can be no assurance that the investment decisions or actions of TwinBeech or its employees will be correct. Incorrect decisions or poor judgment may result in substantial losses to a Client.

*Risks Inherent in Computer-Driven and Intellectual Property-Based Systems.* TwinBeech relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. It is likely that such errors and any related losses would not constitute reimbursable trade errors under our policies or our Clients' Governing Documents.

*System Failure.* As TwinBeech makes extensive use of computer hardware, systems and software, its Clients are exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave our Clients unable to trade either generally or in certain of their strategies, and this may expose them to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, TwinBeech maintains a business continuity plan. It is possible that a systems failure could impede TwinBeech's ability to carry out the investment program, and could prevent TwinBeech from acting to prevent losses in a crisis; in the worst case, TwinBeech may have to liquidate Clients' entire portfolios as the only safe way to proceed should a crippling system outage occur.

*Data Feed Failure.* TwinBeech's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not operate properly. This failure to receive the data feeds or receive the data feeds in a timely manner may leave Clients unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose Clients to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are corrupted or compromised in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss to Clients, which could be material.

*Crowding/Convergence.* Advisers other than TwinBeech may utilize similar analyses or models in making trading decisions, in which event bunching of buy and sell orders may occur, making it more difficult for a particular position to be taken or liquidated. There is significant competition among quantitatively - focused investment managers. To the extent that TwinBeech's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect Clients is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous, trading across a number of funds in the marketplace. Additionally, if TwinBeech's models come to resemble those employed by other managers, any favorable pricing advantage enjoyed by those models would be diminished as other managers make the same or similar trades.

*Technical Trading Strategies.* The buy and sell signals generated by certain strategies of Clients are not based on any analysis of fundamental supply and demand factors, general economic factors or anticipated world events but generally upon factors such as studies of actual daily, weekly and monthly price fluctuations, volume variations, changes in open interest and correlations and variance measures. The profitability of any technical trading strategy depends upon the future occurrence of major price moves or trends in the instruments traded. In the past there have been periods without discernible trends and presumably similar periods will occur in the future. The best trading strategy will not be profitable if there are no trends of the kind it seeks to follow. In addition, a technical trading strategy may be profitable for a period of time, after which the strategy fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their strategy on a periodic basis. Any factor that may lessen the prospect of major trends in the future (for example, as increased governmental control of, or participation in, the markets) may reduce the prospect that the strategy will be profitable. Any factor that would make it more difficult to execute trades at the strategy's signal prices, such as a significant lessening of liquidity in a particular market, also would be detrimental to profitability.

*Spread Trading.* A part of TwinBeech's strategy may involve spread positions between two or more Financial Instrument positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably, thus causing a loss to the spread position. TwinBeech's strategy also may involve arbitraging among two or more Financial Instruments. This means, for example, that TwinBeech may cause its Clients to purchase (or sell) Financial Instruments (on a current basis) and take offsetting positions in the same or related Financial Instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions

entail substantial risk that the price differential could change unfavorably causing a loss to the position. Moreover, the arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more investment professionals than will be available to TwinBeech. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which TwinBeech may cause its Clients to purchase a Financial Instrument and the price TwinBeech expects that its Clients will receive upon consummation of a transaction.

*Short-Selling.* TwinBeech may cause its Clients to engage in short-selling investment programs. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Financial Instrument could theoretically increase without limit, thus increasing the cost to Clients of buying those Financial Instruments to cover the short position. There can be no assurance that TwinBeech will be able to maintain its Clients' ability to borrow Financial Instruments sold short. In such cases, Clients can be "bought in" (*i.e.*, forced to repurchase Financial Instruments in the open market to return to the lender). There also can be no assurance that the Financial Instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing Financial Instruments to close out a short position can itself cause the price of the Financial Instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though TwinBeech, acting on behalf of its Clients, secures a "good borrow" of the Financial Instrument sold short at the time of execution, the lending institution may recall the lent Financial Instrument at any time, thereby forcing TwinBeech to cause its Clients to purchase the Financial Instrument at the then-prevailing market price which may be higher than the price at which such Financial Instrument was originally sold short by Clients.

*High Portfolio Turnover.* Clients may be subject to a high portfolio turnover rate, which results in high transaction costs. In addition, Clients' trading activities can generate taxable income for Investors that is significantly greater or less than the Investor's share of the net economic gain or loss of a Client.

*Counterparty Risk and Other Adverse Events or Actions.* TwinBeech expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit its Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit Clients' activities, create losses, preclude Clients from engaging in certain transactions or prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on our Clients' business due to their reliance on such counterparties.



Some of the markets in which Clients may effect transactions are not “exchange-based,” including “over-the-counter” or “interdealer” markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where our Clients have concentrated their transactions with a single or small group of counterparties. Generally, Clients will not be restricted from dealing with any particular counterparties. TwinBeech’s evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and “foolproof” evaluation of the financial capabilities of Clients’ counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

If there is a default by a counterparty, under most normal circumstances the Clients, or TwinBeech, acting on behalf of its Clients, will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Clients being less than if TwinBeech had not caused its Clients to enter into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of such Clients’ Financial Instruments from such counterparty or the payment of claims therefor may be significantly delayed and TwinBeech may recover substantially less on behalf of its Clients than the full value of the Financial Instruments entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceedings and may impact whether a Client may terminate its agreement with an insolvent counterparty.

Collateral that a Client posts to its counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected “segregation” of such funds. In the event that a counterparty were to become insolvent, a Client may become subject to the risk that it may not receive the return of its collateral or that the return collateral may be delayed.

In addition, TwinBeech may cause its Clients to use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Clients’ assets are subject to substantial limitations and uncertainties. For example, capital deposited at certain non-U.S. broker-dealers may not be subject to client money protection rules, which could subject the Clients to the risks of being an unsecured creditor in the event of a broker-dealer insolvency. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Clients and their assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in

recovering the Clients' Financial Instruments and collateral from or the payment of claims therefor by such counterparty and a loss to such Clients, which could be material.

In addition to the risk of a counterparty default, there is also the risk that the Clients' counterparties may be required to restrict the amount of credit granted to such Clients due to their own financial difficulties, which could result in a forced liquidation of substantial portions of such Clients' accounts.

*Volatility Risk.* TwinBeech's investment program may involve the purchase and sale of relatively volatile Financial Instruments and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Financial Instruments and/or markets can adversely affect the value of investments held by Clients. To the extent that TwinBeech causes a Client's portfolio to hold derivative instruments that are specifically designed to profit from change in market volatility, the risk of loss to such Client is magnified.

*Regulation in the Derivatives Industry.* There are many rules related to derivatives that may negatively impact Clients, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared "over-the-counter" or "OTC" instruments and mandatory trading on electronic facilities, and other transaction level obligations. Parties that act as dealers in swaps are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of TwinBeech and its Clients, and increase the amount of time that TwinBeech spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to Clients.

These rules are operational and technological burdens on TwinBeech and its Clients. These compliance obligations require certain training of employees and use of new technology, and there are operational risks borne by TwinBeech and its Clients in implementing procedures to comply with many of these additional obligations.

The new regulations may also result in TwinBeech forgoing the use of certain broker-dealers, futures commission merchants or counterparties as the use of other parties may be more efficient for Clients from a regulatory perspective. However, this could limit Clients' trading activities, create losses, preclude TwinBeech from engaging in certain transactions or prevent TwinBeech from trading on behalf of its Clients at optimal rates and terms.

*Risks Resulting from Marketplace Reforms and Changes.* The SEC has imposed a rule that prohibits the practice of "naked" or "unfiltered" direct market access. Such a prohibition bars brokers from granting high-frequency traders with unfiltered access to the financial markets. The long-term impact of such a prohibition is unknown, but such a rule may potentially limit the implementation of Clients' investment strategy. The SEC has considered the imposition of additional mechanisms to eliminate "quote stuffing," whereby large numbers of stock orders are placed and canceled almost immediately, such as by setting minimum amounts of time for which stock quotes must remain active. In the event that any such rule is implemented, TwinBeech's ability to effect its trading strategies may be impacted, and may in turn have a negative effect on its Clients' investments. Lastly, when triggered, exchange "limit up/limit down" rules restrict all

trading, including programmatic trading, in the event that the price of a security moves up or down by more than a predetermined number of points on any trading day. The limit up/limit down rules may impair TwinBeech's ability to effect its trading strategies and have a negative effect on its Clients' investments.

Similar restrictions on high-frequency trading are being considered by the CFTC and global securities regulators.

*Regulation SHO.* Clients will engage in activities that are governed by Regulation SHO. As such, Clients will be required to follow various regulatory requirements, including, but not limited to, locating securities, closing out positions in threshold securities and properly marking its orders. Clients may experience delays in attempting to sell securities subject to the Regulation SHO price test and, as a result of that delay, may suffer losses. In addition, Clients could incur significant expenses or suffer losses if they were to become the subject of a regulatory audit relating to compliance with Regulation SHO. Finally, regulatory changes to Regulation SHO could have a detrimental effect on Clients' trading activities.

The various risks inherent in trading strategies that incorporate short selling are magnified in a systematic or quantitative strategy, as a calculation or coding error can have a large impact on trading and can result in a high number of mismarked trades. Mismatched trades result in regulatory exposure for TwinBeech and its Clients, and can strain relationships with the brokers that service such Clients.

Systematic and algorithmic trading strategies are more prone than other types of investing to cause a "wash trade," cross trade and self-trade orders to be generated. These orders, if filled, can constitute violations of exchange rules, including Regulation SHO, and expose Clients to penalties and disgorgement orders. While TwinBeech will seek to limit these kinds of transactions, there is no guarantee that all will be eliminated.

*Increased Regulatory Focus on Quantitative Managers.* Recently, regulators in the United States, the EU and other countries have shown particular interest in managers engaging in systematic, quantitative and so-called "high-frequency" trading, which could increase the risk of administrative burdens being placed on TwinBeech. Such administrative burdens may divert TwinBeech's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution. In particular, in the United States, recently proposed and contemplated SEC and CFTC rules could impose additional burdens on systematic managers, although the future prospects and potential impacts of such rules are not clear.

While the impact of such regulatory focus on TwinBeech and algorithmic trading firms is not yet entirely clear, it is possible that new regulations will require TwinBeech to implement additional technology and other controls, and that compliance with these new rules will consume limited internal resources, and thereby impede TwinBeech's ability to pursue other initiatives.

*Correlation Risk.* Clients may be exposed to correlated risks. These occur when funds and other investors hold similar positions and employ similar strategies, resulting in intensified risks which may lead to potential cascading losses in times of market stress.

In extreme cases, to the extent other market participants using a similar strategy seek to divest one or more positions comprising of a particular strategy, “correlation crises” could occur. Quantitative traders can be particularly susceptible to this type of correlation risk as a result of convergence in their automated trading algorithms and positions held. The high leverage and hedging techniques that many arbitrage-driven quantitative hedge fund managers use can further magnify the effects of correlation risk.

No assurance can be given that TwinBeech’s strategies will be successful under all or any market conditions. TwinBeech’s systematic trading strategies are proprietary, so Investors will not be able to determine the details of such strategies or how they are being implemented.

*Currency Exchange Exposure.* TwinBeech may cause its Clients to invest in Financial Instruments denominated in currencies other than the U.S. dollar. TwinBeech, however, values its Clients’ Financial Instruments in U.S. dollars. TwinBeech may or may not seek to hedge its Clients’ non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that Financial Instruments suitable for hedging currency or market shifts will be available at the time when TwinBeech wishes to cause its Clients to use them, or that hedging techniques employed by TwinBeech will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of Clients’ positions denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

*General Economic and Market Conditions.* The success of Clients’ activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Clients’ investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of Clients’ investments. Volatility or illiquidity could impair Clients’ profitability or result in losses. Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

*Brexit.* The United Kingdom has notified the European Council of its intention to withdraw from the European Union. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on TwinBeech or its Clients from an economic, financial or regulatory perspective but any such impact could have material consequences for the Clients.

*Diversification and Concentration.* TwinBeech may select investments that are concentrated in a limited number or variety of Financial Instruments. In addition, TwinBeech may cause its Clients’ portfolios to become significantly concentrated in Financial Instruments

related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Financial Instruments.

*Hedging Transactions.* TwinBeech may cause its Clients to utilize Financial Instruments for risk management purposes in order to: (i) protect against possible changes in the market value of Clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect Clients' unrealized gains in the value of their investment portfolios; (iii) facilitate the sale of any Financial Instruments; (iv) enhance or preserve returns, spreads or gains on any Financial Instrument in Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' Financial Instruments; (vii) protect against any increase in the price of any Financial Instruments TwinBeech anticipates causing the Clients to purchase at a later date; or (viii) act for any other reason that TwinBeech deems appropriate. Clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. TwinBeech may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While TwinBeech may cause its Clients to enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Clients than if TwinBeech had not caused its Clients to engage in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

*Leverage and Borrowing.*

Leverage for Investment Purposes. TwinBeech is expected to use leverage as part of its Clients' investment program. Different Clients may utilize different levels of leverage, and leverage may also be different across different strategies within the same Client. Leverage takes the form of, among other things, certain of the Financial Instruments described herein, including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards, as well as borrowing on margin. The use of leverage will allow TwinBeech to cause its Clients to make additional investments, thereby increasing such Clients' exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of Clients' portfolio. The effect of the use of leverage by TwinBeech, on behalf of its Clients, in a market that moves adversely to the Clients' investments could result in substantial losses to the Clients, which would be greater than if they were not leveraged.

Borrowing for Cash Management Purposes. TwinBeech will have the authority to cause its Clients to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which TwinBeech can cause its Clients to borrow will affect the operating results of Clients.

Collateral. The instruments and borrowings utilized by Clients to leverage investments may be collateralized by all or a portion of Clients' portfolios. Accordingly, TwinBeech may cause its Clients to pledge their Financial Instruments in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Financial Instruments pledged to brokers to secure Clients' margin accounts decline in value, the Clients could be subject to a "margin

call,” pursuant to which TwinBeech must either cause its Clients to deposit additional funds or Financial Instruments with the broker or suffer mandatory liquidation of the pledged Financial Instruments to compensate for the decline in value. The banks and dealers that provide financing to the Clients can apply essentially discretionary margin, “haircut,” financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Clients may have similar rights. There can be no assurance that the Clients will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Clients’ portfolios. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the net asset value of the Clients to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of the Clients may decrease more rapidly than would otherwise be the case.

*Security, Information and Cybersecurity Risks.* As part of its business, TwinBeech processes, stores and transmits large amounts of electronic information, including information relating to the transactions of its Clients and personally identifiable information of the Investors. Similarly, service providers of TwinBeech or its Clients, especially the administrator, may process, store and transmit such information. TwinBeech has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to TwinBeech may be susceptible to compromise, leading to a breach of TwinBeech’s network. TwinBeech’s systems or facilities may be susceptible to employee error or malfeasance, government surveillance or other security threats. Online services provided by TwinBeech to the Investors may also be susceptible to compromise. Breach of TwinBeech’s information systems may cause information relating to the transactions of its Clients and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

Our Clients’ service providers are subject to the same electronic information security threats as TwinBeech. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks or another failure in its operational safeguards, information relating to the transactions of our Clients and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed. Recent events in the market illustrate that this is not a theoretical concern, but is a risk that all service providers face.

The loss or improper access, use or disclosure of TwinBeech's or its Clients' proprietary information may cause TwinBeech or its Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on Clients, the Investors' investments in the Clients or the Investors themselves.

### C. Risks Associated with Particular Types of Financial Instruments.

*Equity Securities Generally.* The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, our Clients may suffer losses if TwinBeech causes them to invest in equity instruments of issuers whose performance diverges from TwinBeech's expectations or if equity markets generally move in a single direction and its Clients have not hedged against such a general move. Our Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Derivative Instruments Generally.* Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. In addition, TwinBeech may, in the future, cause its Clients to invest in opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which TwinBeech may cause its Clients to participate is evolving, and changes in the regulation or taxation of such Financial Instruments may have a material adverse effect on its Clients.

*Options.* On behalf of its Clients, TwinBeech expects to buy or sell (write) call options, and when it writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class and amount of those as to which the call option applies. Options transactions may be part of a hedging tactic, *i.e.*, offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions into which the Client may enter.

When TwinBeech (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the theoretically unlimited risk of an increase in the market price of the underlying security or index above the exercise price (although the Client will rarely be completely uncovered). If the option is covered, an increase in the market price of the security above the exercise price would cause the Client to lose the opportunity for gain on the underlying security, assuming the Client bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise

price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Client might suffer as a result of owning the security.

*Swap Agreements.* TwinBeech will invest on behalf of its Clients in one or more swap agreements. Swap agreements generally are two-party contracts entered into by institutional investors and may have durations of extended periods often exceeding more than one year. In a standard swap transaction, two parties agree to exchange the returns earned on specific assets, such as the return on, or increase in value of, a particular Dollar amount invested at a particular interest rate, in a particular foreign currency or in a “basket” of securities representing a particular index. A swap contract may not be assigned without the consent of the counterparty, and if uncleared may result in losses in the event of a default or bankruptcy of the counterparty. See “—Counterparty Risk,” above. Some swap agreements are traded in the OTC market and most would be considered to be illiquid.

Total return swaps are swap agreements where a party agrees to pay the counterparty the total return of a defined underlying asset in return for fixed or floating rate payments. There are certain legal, tax and market uncertainties that present risks in entering into such swaps. There is comparatively little historical case law or litigation characterizing total return swaps, interpreting their provisions or characterizing their tax treatment. In addition, swaps have been subject to increased international regulations and laws in recent years, and additional regulations and laws may apply to total return swaps that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to those in any total return swap agreement or other related documents or additional regulations and laws will not have a material adverse effect on the Client.

The total return swap counterparties with which the Client may do business may encounter financial difficulties, fail or otherwise become unable to meet their obligations. To the extent the relevant total return swaps are uncleared, any such development would impair the operational capabilities of the Client or cause damaging losses, or even complete loss, of its capital. To help mitigate this risk, the Client intends to contract only with major financial institutions with significant experience in futures.

*Non-U.S. Investments.* Investing in the Financial Instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in Financial Instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our Clients’ investment opportunities. In addition, custodial and brokerage expenses for transactions in non-U.S. equity securities may be higher than for transactions in U.S. securities and accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is



typically available concerning companies located outside of the U.S. than for those located in the United States. As a result, TwinBeech may be unable to structure its Clients' transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our Clients' rights in such markets. For example, Financial Instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to our Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

*Exchange-Traded Funds.* TwinBeech may cause its Clients to invest in Exchange-Traded Funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Financial Instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying Financial Instruments they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, our Clients may bear, along with other shareholders of an ETF, their *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of our Clients' expenses (*e.g.*, Performance Amounts and operating expenses), Investors may also indirectly bear similar expenses of an ETF.

*Currencies.* A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by TwinBeech on behalf of its Clients are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

TwinBeech may cause its Clients to enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to its Clients. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces its Clients' exposure with respect to their investment to changes in the value of the currency they will deliver and increases their exposure to changes in the value of the currency they will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages and manipulations or exchange restrictions imposed

by governments. These government actions can result in losses to our Clients if they are unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the U.S. Dollar and other currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit TwinBeech to execute its investment program on behalf of its Clients may not generally be available or may not, in TwinBeech's judgment, be economically priced. In addition, following a significant decline in our Clients' net asset value, or a significant loss by our Clients on a currency portfolio, counterparties may be unwilling to continue to offer currency instruments to our Clients and may have the ability to terminate the master agreements relating to the existing currency instruments and all currency transactions documented thereunder. Finally, our Clients' counterparties are not contractually obligated to offer currency instruments to our Clients following the maturity of a given transaction or to increase the size of a transaction at TwinBeech's request.

*The risk factors enumerated above do not represent the entire universe of potential risks to our Clients.*

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### A. Broker-Dealer Registration Status.

TwinBeech is not registered as a broker-dealer and does not have any application pending to register with the SEC as a broker-dealer.

#### B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

TwinBeech and its management persons are not registered as a commodity pool operator and associated persons of a commodity pool operator nor does TwinBeech have any application pending to register with the CFTC as a commodity pool operator and associated persons of a commodity pool operator. TwinBeech has filed for an exemption from registration as a commodity pool operator.

#### C. Material Relationships or Arrangements with Industry Participants.

As investment adviser to the Clients, certain inherent conflicts of interest may present themselves. For more information, please see Items 6 *Performance-Based Fees and Side-by-Side Management* and 11 *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* of this Brochure.

The TwinBeech Fund General Partners are affiliates of TwinBeech that serve as the general partners to the TwinBeech Funds. The applicable Fund General Partner is responsible for the overall management and operations of each TwinBeech Fund, operates as a single advisory business together with TwinBeech, has delegated investment management authority to TwinBeech and generally shares common owners, officers, partners, employees, consultants or persons occupying similar positions. We do not believe our relationship with any Fund General Partner causes any material conflicts of interest.

One large anchor Client currently controls a substantial portion of the assets advised by the Investment Adviser. While the anchor Client does not have authority over the day-to-day operations of investment decisions of TwinBeech, the anchor Client has negotiated certain rights and protections in connection with its investment. Although TwinBeech intends to maintain operations, strategy and investment decisions separate from the anchor Client, TwinBeech generally will have incentives to conduct operations in a manner that benefits such anchor Client.

The Investment Adviser or the Fund General Partner, as applicable, may enter into “side letter” or similar agreements or arrangements with certain Investors or prospective investors pursuant to which a Fund may give certain Investors or prospective investors rights not granted to other Investors or other prospective investors, including, without limitation, variation of management or performance fees or allocations, informational rights or the right to withdraw all or a portion of their investment in the Fund on shorter notice and/or with more frequency than the terms described in the Governing Documents. As a result, certain Investors may be able to withdraw from their investment at times when other Investors may not. In addition, as a result of

having certain other rights not granted to all Investors, Investors having such rights may request withdrawals, and otherwise act, on the basis of additional information that other Investors do not receive. Additionally, the Investment Adviser and General Partner may offer different or more favorable terms to investors in Other Accounts, and for example, may offer different information rights to investors in Other Accounts. Subject to applicable law, a Fund does not intend to disclose the terms of such side letter agreements and does not intend to disclose the identities of the Investors that have entered into such agreements, and the Investment Adviser or General Partner, as applicable, do not intend to disclose the identities of investors in Other Accounts or the terms of any agreements entered into with investors in Other Accounts.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

We do not recommend or select other investment advisers for our Clients.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**  
**AND PERSONAL TRADING**

A. Code of Ethics.

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of Clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of our Clients, including the Investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

B. Securities in which TwinBeech or a Related Person Has a Material Financial Interest.

1. Principal Transactions.

TwinBeech generally does not plan to cause its Clients to engage in principal transactions. TwinBeech will establish policies and procedures to ensure that any principal transactions that may occur are in compliance with the provisions of the Investment Advisers Act of 1940 (the “Advisers Act”) and the rules promulgated thereunder.

The TwinBeech Capital Fund may trade in spot and forward contracts on virtual or foreign currencies, metals or other commodities and securities, and may engage in swaps, options, options on swaps and other derivatives, and other off-exchange transactions, with banks, broker-dealers or other counterparties. There is less protection against defaults in principal trading than in trades on exchanges since certain principal trades are not effected on or through an exchange or a clearing-house.

## 2. Cross Trades.

TwinBeech does not generally plan to cause its Clients to engage in cross trades and, generally, does not plan to engage in a cross trade that is also a principal transaction. The possibility of our Clients transacting with related parties in the marketplace, however, is expected to occur from time to time. For instance, we may, on occasion, (directly or indirectly) cause a Client to purchase securities from or sell securities and investments to one or more other Clients when we believe such transactions are appropriate and in the best interests of each of the Clients, including as part of a re-balancing transaction when Clients invest in parallel. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or we might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees.

Additionally, in connection with such transactions, we or our affiliates may (i) have significant investments, or intentions to invest, in the Client that is selling and/or purchasing such an investment; or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). We in certain cases may receive management fees or other fees in connection with their management of the relevant Clients involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Clients. In the event we wish to reduce the investment of one or more such Clients in an instrument and increase the investment of other Clients in such instrument, we may effect such transactions by directing the transfer of the instrument between Clients as described above. Any incremental costs and expenses associated with any such investment generally will be borne by such Clients on a *pro rata* basis.

### C. Investing in Securities that TwinBeech or a Related Person Recommends to Clients.

The TB Group and its principals and employees may carry on investment activities for their own accounts and for family members and friends who do not invest in the Funds, and may give advice and recommend securities to other accounts or investment entities that may be the same as or similar to or differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives may be the same or similar.

The Code places numerous restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to TwinBeech on a periodic basis, and requires that employees pre-clear certain personal securities transactions. TwinBeech, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also may arise due to the fact that TwinBeech and its personnel may have investments in some Clients but not in others or may have different levels of investments in the various Clients.

In addition, TwinBeech may manage certain private investment funds in various jurisdictions that, in certain instances, also invest or may invest in equity and debt securities of

public and private issuers (including securities convertible into equity and debt securities), derivative instruments and any other financial instruments or assets. The operative documents and investment programs of those funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of a fund in issuers held by such funds or may give priority with respect to investments to such other funds. Some of these restrictions could be waived by investors (or their representatives) in such funds. However, TwinBeech may or may not, in its sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The TB Group may cause its Clients or Other Accounts to purchase different classes of debt and/or equity of the same borrower or issuer, subject to any applicable requirements or restrictions in the operating documents of such clients or accounts. These and other investments may be deemed to create conflicts of interest, particularly because the TB Group may take certain actions for some Clients or Other Accounts with respect to one class of debt or equity that may be adverse to other Clients or Other Accounts who hold other classes of debt or equity of the same borrower or issuer. In such cases, the TB Group will seek to act in a manner it believes in good faith to be fair to clients under the circumstances.

TwinBeech has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

D. Investment Adviser's or Related Person's Transactions in Securities Recommended to Clients at or about the Same Time.

As noted under Item 6, at least during the initial offering period, we expect to manage the TwinBeech Capital Fund as a proprietary account. During this period, TwinBeech will recommend securities to this Fund and other Clients at or about the same time. Otherwise, TwinBeech does not intend to manage proprietary accounts investing in the same securities as the Clients.

E. Aggregation and Allocation of Investment Opportunities.

TwinBeech strives to treat each Client fairly in allocating all investment opportunities. Once an investment opportunity has been identified, TwinBeech will determine whether or not to allocate that investment opportunity to each Client ("Participating Clients"), which may involve considering factors including, but not limited to, the following:

- Liquidity constraints including consideration of subscription and redemptions;
- Contractual mandates and "no trade" restrictions, if any;
- Type of security;
- Current asset allocation in comparison to its target asset allocation;
- Risk limits;
- Credit limits; and



- Other factors, including the market sectors in which assets are invested.

Investment decisions concerning the purchase or sale of specific securities shall be made by the portfolio manager based on considerations, including, but not limited to, the opportunities presented in the marketplace; the needs of each Client; the capacity for investment; the guiding policy of fair and equitable allocation of investments; and the interest of best execution. Given the objectives, investment parameters, and other characteristics of various Clients, not every Client will necessarily participate in each transaction in a security or instrument that might be considered within the range of permissible investments for that Client.

Once TwinBeech has identified the Participating Clients, the investment allocation amount sought for each Participating Client is determined by the portfolio manager taking into consideration the following factors, among others, regarding each Participating Client:

- Investment objectives and requirements;
- Risk-adherence requirements;
- Adherence to any limits as defined in the Client's investment guidelines;
- Amount of assets in each Client's account;
- Capital availability in each Client account for trades of the type under consideration; and
- Liquidity/availability of securities.

TwinBeech expects that most orders executed for multiple Participating Clients will be aggregated and that Participating Clients will receive their *pro rata* allocation of such order on an average price and average associated transaction costs basis at the end of each trading day. If a bunched order is partially filled on the date of placement, TwinBeech shall allocate partial fills as fairly as possible to ensure that no particular participating Client shall be materially disadvantaged. In the aggregate, each account shall receive its proportional share of an aggregated order as close as possible to the same proportion that they participate in the total order.

In allocating an investment opportunity among Clients with differing fee, expense and compensation structures, we have an incentive to allocate investment opportunities to the Clients from which we may derive, directly or indirectly, a higher fee, compensation or other benefit. In addition, our professionals may participate indirectly in investments made by our Clients through their interests in such Clients. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a given Client. We believe these conflicts are mitigated by our allocation policy described above.

We will have no obligation to purchase or sell a Financial Instrument for, enter into a transaction on behalf of or provide an investment opportunity to any Client solely because we purchase or sell the same Financial Instrument for, enter into a transaction on behalf of or provide an opportunity to any Client if, in our reasonable opinion, such Financial Instrument, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Client.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

As noted previously, we have full discretionary authority to manage our Clients, including authority to make decisions with respect to which Financial Instruments are bought and sold, the amount and price of those Financial Instruments, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. TwinBeech's authority is limited by its own internal policies and procedures and each Client's investment guidelines.

Portfolio transactions for each Client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to us and/or certain Clients, but not beneficial to all Clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, we may consider, among other things, the following:

- The quality and reliability of the executing broker;
- Competitive transaction charges, the speed of execution, trading platform, and on-line services for account administration and operational support;
- Confidentiality considerations;
- Availability of accurate information regarding the market for the security;
- The counterparty's skill in positioning the securities involved;
- Adequacy of the counterparty's trading infrastructure, technology and capital;
- The counterparty's reputation for diligence, fairness and integrity;
- The counterparty's expertise in the specific security or sector;
- The quality and usefulness of research services and investment ideas presented by the counterparty;
- The counterparty's ability and willingness to correct errors;
- The counterparty's access to new issuances of securities;
- General reputation, trading capabilities, investment inventory, their financial strength and our personal experience working with these brokers; and
- How well the counterparty's algorithms interact and perform with our algorithms.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to our Clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. A significant portion of the trading done for our Clients is done on a net basis, so in many circumstances it may not be possible to determine the amount of commission being paid to a broker or dealer. TwinBeech need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally,

neither TwinBeech nor its Clients separately compensate any broker or dealer for any of these other services.

If TwinBeech decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks (“ECNs”), it will also consider the following factors when choosing to use one ECN over another:

- the ease of use;
- the flexibility of the ECN compared to other ECNs; and
- the level of care and attention that will be given to smaller orders.

We maintain policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

#### 1. Research and Other Soft Dollar Benefits.

From time to time, TwinBeech may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. TwinBeech will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). TwinBeech believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” or credits under “commission sharing arrangements” generated by our Clients may be used by TwinBeech to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. TwinBeech does not seek to allocate soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to TwinBeech (*i.e.*, a “mixed use” item), TwinBeech will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of TwinBeech’s allocation of the costs of such benefits and services between those that primarily benefit TwinBeech and those that primarily benefit its Clients.

When TwinBeech uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, TwinBeech receives a benefit because it does not have to produce or pay for such products or services. TwinBeech may have an incentive to select or recommend a broker-dealer based on TwinBeech’s interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

Currently, TwinBeech has no soft dollar arrangements (*i.e.*, no type of commission sharing arrangements with a broker-dealer) and currently doesn’t intend to have any, although from time to time, a broker-dealer with whom TwinBeech may effect transactions may provide

us with research and/or the opportunity to participate in capital introduction events sponsored by the broker-dealer.

2. Brokerage for Client Referrals.

Neither TwinBeech nor any related person receives Client referrals from any broker-dealer or third party. However, subject to best execution, TwinBeech may consider, among other things, capital introduction and marketing assistance with respect to its Clients or Investors in selecting or recommending broker-dealers for its Clients.

3. Directed Brokerage.

TwinBeech does not recommend, request or require that a Client direct TwinBeech to execute transactions through a specified broker-dealer. TwinBeech does not permit the Funds to direct TwinBeech to execute transactions through a specified broker-dealer.

B. Order Aggregation.

If TwinBeech is aware that the purchase or sale of a Financial Instrument will occur simultaneously with regard to multiple Clients, TwinBeech may, but is not obligated to, purchase or sell such a Financial Instrument on behalf of such Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, TwinBeech will allocate price and transaction costs in a fair and equitable manner.

C. Trade Errors.

TwinBeech may on occasion experience errors with respect to trades made on behalf of Clients, which are a known cost of the TwinBeech business. The Firm will not correct a trade error made for one client by causing another client to buy or sell the securities. The Firm also will not directly or indirectly use soft dollars to correct trade errors. The Firm endeavors to detect trade errors prior to settlement and correct them in an expeditious manner. In the context of the Firm's business, trade errors may occur as algorithmic issues or execution issues. TwinBeech will not be liable to a portfolio for any trading losses, liabilities, damages, expenses or costs resulting from trade errors by TwinBeech except those losses, liabilities, damages, expenses or costs (i) resulting from TwinBeech's willful malfeasance, bad faith or gross negligence or (ii) that may not be waived or limited under applicable law. Because TwinBeech does not remediate an error with respect to trades on behalf of a Client below the threshold described above, certain trade errors could negatively impact a Client's performance and returns from time to time. TwinBeech has a conflict of interest in determining whether a trade error is a result of its willful malfeasance, bad faith or gross negligence.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

**A. Frequency and Nature of Review of Client Accounts or Financial Plans.**

We perform periodic reviews of each Client's portfolio. Such reviews are conducted by our personnel.

**B. Factors Prompting Review of Client Accounts Other than a Periodic Review.**

A review of a Client may be triggered by any unusual activity or special circumstances.

**C. Content and Frequency of Account Reports to Clients.**

Investors may receive a periodic letter that includes unaudited information regarding applicable Fund's performance from TwinBeech. In addition, TwinBeech issues Investors tax reports and audited financial statements concerning their respective Clients within 120 days of the end of each Client's fiscal year, or as soon as reasonably practicable thereafter, or such shorter time as agreed with a particular Client. While all Investors generally receive similar information, to the extent an Investor receives additional information (that other Investors have not received), which is in addition to information provided in a Client's regular reports to Investors, such information may provide such Investor with greater insight into the Client's activities. This may enhance such Investor's ability to make investment decisions with respect to the Client and possibly affect such Investor's decision to request a withdrawal from the Client.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

A. Economic Benefits for Providing Services to Clients.

We do not receive economic benefits from non-Clients for providing investment advice or other advisory services to our Clients.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person for Client referrals. Further, if we use a placement agents in the future, TwinBeech will determine the compensation paid to such placement agent at such time.

## **ITEM 15 CUSTODY**

“Custody” is defined in Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) as an investment adviser’s or its related person’s broad authority to obtain a Client’s funds or securities, *e.g.*, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account. TwinBeech has “custody” and is subject to the Custody Rule requirements regarding the TwinBeech Capital Fund because a related person, the applicable TwinBeech General Partner, has such authority. TwinBeech, however, is not required to comply (or is deemed to have complied) with certain of such Custody Rule requirements because it complies with the provisions of the so-called “Audit Exception,” which, among other things, requires that the TwinBeech Capital Fund (i) be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and (ii) distribute its audited financial statements to all Investors within 120 days of the end of its fiscal year.

TwinBeech does not have custody regarding the EGMF Fund.

## **ITEM 16**

### **INVESTMENT DISCRETION**

TwinBeech serves as the management company with discretionary trading authority to its Clients.

Our investment decisions and advice with respect to each Client are subject to each Client's investment objectives and guidelines, as set forth in its applicable Governing Documents.

TwinBeech or an affiliate of TwinBeech entered into an investment management agreement with the TwinBeech Capital Fund, pursuant to which TwinBeech or an affiliate of TwinBeech was granted discretionary trading authority.

With respect to the EGMF Fund, TwinBeech entered into a sub-advisory agreement with the investment adviser of the EGMF Fund, pursuant to which TwinBeech was granted discretionary trading authority to a portion of the assets.

We may in the future engage third-party sub-advisers to provide specialized advice or otherwise to manage portions of our Clients' portfolios. We will retain oversight and overall management of each such Client portfolio, irrespective of whether such an engagement grants any authority to execute transactions or otherwise to exercise investment discretion. Any fee arrangements will be determined at that time.



**ITEM 17**  
**VOTING CLIENT SECURITIES**

A. Policies and Procedures Relating to Voting Client Securities.

In compliance with Advisers Act Rule 206(4)-6, TwinBeech has adopted proxy voting policies and procedures, copies of which are available upon request. The general policy is to not vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”). TwinBeech has a quantitative investment strategy and we have determined that the costs of voting proxies while employing such a strategy would outweigh any potential benefits to our Clients.

**ITEM 18**  
**FINANCIAL INFORMATION**

TwinBeech is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past 10 years.