



## Mount Street Portfolio Advisers LLC

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### Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Mount Street Portfolio Advisers LLC (“Mount Street” or “the Firm” or “the Adviser”). If you have any questions about the contents of this brochure, please contact us at [info@mountstreetllp.com](mailto:info@mountstreetllp.com). The information in this brochure has not been approved or verified by the United States Securities Exchange Commission (“SEC”) or by any state securities authority.

Any reference to Mount Street as a registered investment adviser does not imply any level of skill or training.

Additional information about Mount Street Portfolio Advisers LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



## **Item 2: Material Changes**

The following is a summary of changes to the initial Brochure filed by Mount Street Portfolio Advisers LLC (“MSPA”) with the SEC on November 7, 2018:

- MSPA began managing assets that were formerly managed by Portigon AG.

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#### **Item 4: Advisory Business**

##### **A. Firm Information**

The Adviser, a Delaware company formed in 2014, operates in New York under the name “Mount Street Portfolio Advisers LLC”. The Adviser is majority owned and indirectly controlled by Ravindra Joseph and Paul Lloyd through intermediate entities.

##### **B. Advisory Services Offered**

The Firm is the investment manager with respect to certain legacy special purpose vehicles (the “SPVs”) formerly managed by Portigon AG.

The Adviser undertakes its obligations as investment manager directly pursuant to an investment management agreement. The Adviser may also act for institutional clients on a consulting basis advising on, among other things, the identification of Asset-Backed Securities (“ABS”) or other securities for inclusion in a portfolio on a non-discretionary basis.

In its capacity as investment manager, the Adviser advises various types of SPVs including the following: collateralized debt obligations (“CDOs”) and a structured investment vehicle (“SIV”). For each of the SPVs, the Adviser will perform certain of the following activities: monitoring the performance and credit quality of the related portfolio of debt securities (“Collateral”), making investment decisions regarding the Collateral pursuant to the respective SPV’s governing documents, reviewing trustee reports and providing administrative services.

The overall investment objective of each of the SPVs is to maximize a stream of net interest earnings by pursuing a strategy that is characterized as buy and hold to maturity. The current six CDO vehicles have passed their respective reinvestment periods and are no longer permitted to purchase additional assets. The SIV currently does not purchase assets but could in the future at the direction of the controlling noteholder. Each potential securities purchase would be analyzed and discussed by the portfolio managers regarding its structure, collateral and servicer. The SPVs

financed the purchase of their underlying assets with the proceeds from the sale of notes and other debt securities. The current strategy for these SPVs is an orderly hold strategy to maximize value for the investors.

## **HEDGING**

It is not anticipated that the SPVs will utilize any hedging instruments as substantially all the assets provide for LIBOR based interest as do the notes issued by the SPVs. Additionally, all the CDO assets are US dollar denominated as are the underlying notes issued by the CDOs except for 2 notes that are not anticipated to make any further payments. The SIV issued both USD and GBP notes that are supported by USD and GBP assets.

### **C. Client Account Management**

There are no traditional client accounts, the Adviser acts as the investment manager for various types of SPVs. Advisory services are limited to the strategies outlined in the above Section B.

### **D. Wrap Fee Programs**

Adviser does not manage or place client assets into a wrap fee program. Investment management services are provided directly by the Adviser.

### **E. Assets Under Management**

As of March 15, 2019, MSPA managed \$1,493,220,777 in client assets on a discretionary basis.

## **Item 5: Fees and Compensation**

### **A. Fees for Advisory Services**

In consideration of Adviser's investment advisory and other services, it generally receives a management fee ("Management Fee") from and with respect to the SPVs in accordance with the terms and conditions set forth in the applicable governing documents. The Management Fee ranges from 0.1% to 0.20% per annum and is typically billed monthly or quarterly as provided in the governing documents. The Firm does not charge a performance fee. For more details regarding the Management Fee, please refer to the applicable governing documents.

## **B. Fee Billing**

Generally, the Management Fee is calculated and paid in arrears either from monthly interest collections or from the client's assets on a quarterly basis.

## **C. Other Fees and Expenses**

No other fees are paid to the investment manager.

## **D. Advance Payment of Fees and Termination**

For the CDOs, the fees paid to the investment manager are based on the outstanding balance of the underlying assets. Fees are paid monthly in arrears, there are no advance payments. For the SIV, fees are calculated based on the aggregate outstanding balance of the income notes payable quarterly in arrears; there are no advance payments.

## **E. Compensation for Sales of Securities**

No persons at the investment manager accepts compensation for securities transactions.

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

The Adviser does not charge performance-based fees.

## **Item 7: Type of Clients**

Clients are special purpose vehicles. The Adviser acts as the investment manager for the various types of SPVs. The Adviser's obligations are governed by Investment Management Agreements between the Adviser and the SPVs.

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

### **A. Methods of Analysis**

Investment vehicles' governing documents contain investment guidelines describing the type of asset, including certain parameters, such as ratings requirements, that could be purchased. Generally, the investment strategies for the investment vehicles are primarily buy and hold. The respective offering circulars disclose the investment risks.

Currently, all the CDOs are out of their reinvestment periods and are therefore not permitted to purchase additional assets. The CDOs are buy and hold vehicles by design and sale of assets out of the CDOs are permissible only in certain restrictive situations.

## **B. Investment Strategies**

### Investment Process

The Adviser's investment process would be adopted from the prior investment manager of the SPVs. The prior manager used a five-step process that included Sourcing, Initial Screening, Credit Analysis, Investment Decision and Surveillance. However, for the currently managed SPV vehicles no new investments are being undertaken to which this process would be applied.

Sourcing. Prior to the end of the respective SPVs reinvestment periods, the Adviser would seek to maintain relationships with leading bankers, traders, research teams, issuers, other investors, and commercial paper conduit sponsors. These strategic relationships would provide the Adviser with a varied and flexible supply of issuers and give it access to a diverse product mix across multiple asset classes. This activity would be an important component of the Adviser's search for relative value across asset classes.

Initial Screening. The Adviser would initially formulate a macroeconomic outlook and develop an asset class strategy. Individual investment guidelines and the Adviser allocation policies would be considered. Term sheets would be checked and reviewed. The proposed bonds and loans would be modeled for credit and market sensitivities. The Adviser would make an initial determination on value and liquidity. The Adviser would conduct discussions with underwriters, rating agencies and/or issuers.

Credit Analysis. Industry trends would be discussed within the context of each prospective investment. An evaluation of the servicer would be conducted. A detailed quantitative and qualitative analysis on the proposed collateral would also be conducted. The historical performance of comparable issues would be evaluated. The offering memorandum would be reviewed. Bond specific cash flows would be modeled under multiple scenarios to determine sensitivities and loss points.

Investment Decision. A portfolio manager would complete a purchase authorization form and would make an investment recommendation. The investment committee would discuss all pertinent criteria and would make an investment decision. The

portfolio manager would review the final price and deal allocation dynamics to determine placement in the relevant SPV.

Surveillance. The Adviser would continuously monitor its positions in an effort to provide advance warning of possible investment impairment. Regular portfolio reports would be reviewed and monitored. Monthly marks would be evaluated. Monthly cash flow-based analytics would also be reviewed.

### **Risk of Loss**

The risk associated with the investment vehicles is that the portfolios may suffer losses due to defaults or interest shortfalls on the underlying assets. This is in fact the case with the SPVs where they suffered losses as a result of non-payment of residential mortgage backed securities in particular and the resulting credit downgrade of the securities. As a result of these losses, the senior notes are not expected to be fully repaid and certain subordinated tranches are no longer receiving payments. The vehicles no longer purchase assets and are restricted in their ability to sell assets and therefore sales are infrequent.

### **C. Recommendation of Particular Type of Securities**

The Adviser is currently not recommending a particular type of asset since the SPVs are precluded from purchasing assets. One SPV is limited to purchasing certain government treasury notes or cash equivalents including money market funds. It is, however, anticipated in the future that the controlling noteholder of the SIV will allow, via an amendment, the purchase of their own debt. We will update if there are any conflict issues. Please note that the controlling noteholder is the sole economic beneficiary of underlying SIV assets.

### **D. Cybersecurity Risk**

The Firm and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose the Firm to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of



the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the Firm. While the Firm has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, the Firm cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Firm and/or the issuers in which its clients invest.

**Item 9:     Disciplinary Information**

The Adviser has not been the subject of any disciplinary matters.

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

Mount Street Portfolio Advisers LLC is also providing services to Mount Street Portfolio Advisers GmbH with regards to a loan portfolio held by Erste Abwicklung Anstalt (EAA), a German government sponsored wind-up entity. These services constitute the financial analysis of the borrowers and recommending the most economic course of action regarding the loan transactions to EAA as the lender.

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

**A. Code of Ethics.**

All employees of the Adviser owe a fiduciary responsibility to its clients. The Adviser has adopted a Code of Ethics as required by Rules 204A-1 and 204A-2 of the Investment Advisers Act. The Adviser's Code of Ethics sets forth, among other things, specific policies and procedures pertaining to employees' personal transactions in securities, as well as policies and procedures pertaining to the provision or receipt of gifts, favors, invitations or gratuities. All employees must familiarize themselves with these policies and procedures, and strict compliance with such policies and procedures is mandatory.

The Code of Ethics is periodically reviewed and updated, as necessary, by the Adviser's Compliance Department. The Code of Ethics is available upon request by contacting Annika Grupp at [annika.grupp@mountstreetllp.com](mailto:annika.grupp@mountstreetllp.com).

**B. Personal Trading**

All employees of the Adviser are prohibited from engaging in illegal and improper personal securities transactions, such as insider trading. Illegal and improper personal securities transactions could result in criminal prosecution, civil enforcement action by the SEC, civil suits, and disciplinary action (including termination of employment) by the Adviser. Possible sanctions resulting from governmental enforcement action could include monetary liability for damages or disgorgement, monetary penalties, censure, suspension, bar from the securities or investment advisory industry and imprisonment.

The Adviser's policies and procedures concerning personal securities transactions are described in the Adviser's "Code of Ethics" and in its "Insider Trading Policy and Procedures". All employees are expected to familiarize themselves with the Code of Ethics and the Insider Trading Policy and Procedures and to comply with them.

With respect to the Adviser, various potential and actual conflicts of interest may arise from the overall investment activities of the Adviser and its affiliates for their own accounts or for the accounts of others. Such investments may be different from those made on behalf of the Adviser's clients. Notwithstanding the foregoing, however, the Adviser under all circumstances is bound to and will comply with applicable law, including without limitation the Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder.

The Adviser and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the SPVs may invest. The Adviser may take into consideration such relationship in its management of the SPVs. For instance, there may be certain investments that the Adviser generally will not undertake on behalf of the SPVs in view of such relationships. In particular, the Adviser or its affiliate may make and/or hold an investment in an issuer's securities or obligations that may be pari passu with, or senior or junior in ranking to, an investment in such issuer's securities or obligations made and/or held by the SPVs. Each ownership relationship may result in restrictions on transactions in such securities or obligations by the SPVs and otherwise create conflicts of interest. For example, holders of an issuer's more senior securities will have differing interests from holders of the more junior securities. In such instances, the Adviser and its affiliates may, in their discretion, make investment recommendations and decisions that may be the same as or different from those made by the Adviser with respect to the SPVs' investments. In such situations, the Adviser has adopted policies and procedures to identify and deter conflicts of interest among the Advisers, its related persons and the SPVs. The potential conflicts are addressed by providing written notice as to its interest, if any, in any investments.

## **Item 12: Brokerage Practices**

### **A. Recommending Broker-Dealers**

The Firm's advisory business does not presently require it to select or recommend broker-dealers. Accordingly, the Adviser generally does not use, select or otherwise recommend broker-dealers or other counterparties in connection with the investment activities of the SPVs. As a result, the Adviser does not currently use soft dollars generated by client accounts to pay for research and/or related services provided by brokers. Also, the Adviser does not compensate brokers for client referrals. In addition, the Adviser does not have any directed brokerage arrangements.

### **B. Aggregating Orders**

At such time that the Firm must execute a transaction on behalf of more than one Client account, it is the Firm's policy to aggregate trades whenever possible to achieve equal pricing across the Client accounts and to reduce transaction costs. The Firm, however, may choose not to aggregate trades in order to avoid a perceived or actual conflict of interest, provided that Clients are treated fairly and equitably over time.

**Item 13: Review of Accounts**

The Adviser performs various daily, monthly and quarterly reviews of the client's accounts, which is conducted by the Adviser's Portfolio Managers who are members of the Adviser's Investment Committee.

Generally, each client will receive a detailed monthly portfolio report. The reports contain information on the portfolio such as the total principal balance, asset class and rating distributions, along with level of compliance with the various portfolio quality and composition tests. In addition, the report will typically include actual principal and interest collections, amount of interest and principal due on the notes, and the manner in which the cash will be distributed to the various underlying notes.

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

No persons other than the SPVs provide an economic benefit to the Adviser for providing investment advice or other advisory services to the SPVs. The Adviser currently does not compensate third-party placement agents or solicitors.

**Item 15: Custody**

The Adviser does not consider itself deemed to have custody of client assets in connection with its activities as an adviser to structured products. Should its investment mandates change in the future, and require it to be deemed as having custody, the Adviser will comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended.

**Item 16: Investment Discretion**

There are no customer accounts in the traditional manner and the SPVs are restricted from purchasing additional assets and can only sell assets under certain restrictive situations as provided for by the respective governing documents.

**Item 17: Voting Client Securities**

Although the securities generally purchased by the SPVs do not issue proxies, the issuers of those securities may on occasion solicit amendments to the terms or conditions of the securities of the client. To the extent that this occurs, the Adviser shall adhere to its Proxy Voting Policy and Procedures. Generally, the Adviser's authority includes proxy voting on behalf of its clients. When the Adviser accepts

such responsibility, it will cast proxy votes in a manner consistent with the best interests of its clients and in accordance with its policies and procedures. If the Adviser identifies conflicts of interest when voting proxy, the Adviser will document the conflicts and take steps to resolve them. In resolving a conflict, the Adviser may decide to take one of the following courses of action: (1) determine that the conflict or potential conflict is not material, (2) request that disclosure be made to clients for whom proxies will be voted to disclose the conflict of interest and the recommended proxy vote and to obtain consent from such clients, (3) engage an independent third-party or fiduciary to determine how the proxies should be voted, (4) abstain from voting, or (5) take another course of action that, in the opinion of the Chief Compliance Officer, adequately addresses the potential for conflict. Clients may contact the Adviser to request information about how it voted proxies for that client's securities or to obtain a copy of the Adviser's proxy voting policies and procedures.

**Item 18: Financial Information**

Mount Street Portfolio Advisers LLC does not require or solicit prepayment of more than \$1,200, six months or more in advance. The Adviser is not aware of any financial condition likely to impair its ability to meet contractual and fiduciary commitments to its clients. Mount Street Portfolio Advisers LLC has never filed for bankruptcy.