

## Sakonnet Point Capital, LP

330 Railroad Avenue  
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This brochure (this “Brochure”) provides information about the qualifications and business practices of Sakonnet Point Capital, LP. If you have any questions about the contents of this Brochure, please contact us by phone at (347) 943-4878 or by e-mail at [ash.thaker@sakonnetpointcapital.com](mailto:ash.thaker@sakonnetpointcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Additional information about Sakonnet Point Capital, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

Sakonnet Point Capital, LP filed its initial Brochure on June 24, 2019. This Brochure has been updated to include additional information about the types of client accounts that it manages, its assets under management, certain aspects of its brokerage practices and certain risk factors relating to its investment strategy.

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**Item 4. Advisory Business**

Sakonnet Point Capital, LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed on November 22, 2017. We are principally owned by Steven Garnett (the “Principal”).

We provide discretionary investment advice to a private fund through a separately managed account (the “SMA”). In the future, we expect to provide investment advice to additional private funds and may provide investment advice to other separately managed accounts. References throughout this document to “clients” refer to the SMA and any other private funds and separately managed accounts we may advise in the future.

The SMA will be managed in accordance with the investment objective and guidelines as described in the advisory contract relating to such account. We have contracted to adhere to limited risk and/or operating guidelines imposed by the SMA’s adviser and may under certain circumstances contract with another client to adhere to limited risk and/or operating guidelines imposed by that client. We would negotiate such arrangements on a case-by-case basis. (*See Item 16 - Investment Discretion.*)

We do not participate in wrap fee programs.

As of the date of this Brochure, we managed \$50,000,000 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5. Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with our clients. The SMA is a “qualified purchaser” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”)).

We are paid a management fee from the SMA, which is calculated and accrued monthly in arrears. The SMA’s management fee would be pro rated in the event that the advisory contract relating to the SMA is terminated mid-month. The SMA’s management fees are invoiced to, and paid by, the SMA.

We also receive an incentive fee from the SMA, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

The SMA will be responsible for its *pro rata* share of the following expenses, subject to a cap: (i) trading-related technology software deemed by us to benefit the SMA such as portfolio, order and risk management systems; (ii) Bloomberg/Eikon hardware and software; (iii) real-time exchange and market data; (iv) financial and index data related to research process; (v) risk analysis software and systems; and (vi) insurance costs including D&O and E&O insurance premiums for us.

The SMA will also be responsible for all of its expenses attributable to: (i) brokerage costs and other transaction related expenses; (ii) interest and dividends payable; (iii) administrative, trustee, registrar, transfer agent and custodian costs; (iv) administrator fees; and (v) audit, tax preparation, legal and accounting fees.

If we manage other private funds in the future, they can expect to bear all expenses relating to their ongoing structure and operation, which will be further described in their offering documents. The

expenses that would be charged to future separately managed account clients would be determined on a case-by-case basis.

The SMA is also subject to withdrawal fees, if withdrawals are made prior to the satisfaction of agreed-upon holding periods.

We may also allocate a portion of our clients' capital to money market funds or exchange-traded funds ("ETFs"). In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

We are entitled to receive an incentive fee from the SMA on an annual basis in arrears. Such incentive fee will be based on the net capital appreciation of the SMA's assets and will be subject to a loss carryforward mechanism.

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement.

Currently, the SMA is our only client. To the extent that we advise additional client accounts in the future, performance-based compensation arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if we manage additional client accounts in the future, we will adopt and follow procedures designed and implemented to ensure that all clients are treated fairly and equitably.

#### **Item 7. Types of Clients**

Currently, our only client is the SMA, which is a private fund. We would determine the minimum investment amount for our separately managed account clients on a case-by-case basis and may set a minimum investment amount for any future private fund that we manage.

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

##### *Methods of Analysis and Investment Strategies Generally*

##### Investment Objective and Strategy

We expect to pursue a quantitative market neutral equity strategy. Our principal objective is to produce an asset that has consistent absolute returns, a favorable liquidity profile, low volatility, and low correlation to public markets. Our clients will invest primarily in listed global equities but also may use futures, derivatives, or other financial instruments or assets as considered appropriate for our strategies. We expect to use a quantitative process that identifies opportunities in both market liquidity events and statistical arbitrage strategies. We expect to provide our clients liquidity and trade opportunistically around short-term supply and demand imbalances resulting from various liquidity events and trade flows.

Our quantitative analytical framework will build a portfolio that is typically market neutral, liquid and diverse. Our investment universe is predominantly listed global equities with a favorable liquidity profile. Its return profile also tends to have little correlation to market direction. While targeting specific time periods around various liquidity events, our clients' holding periods will generally be in the order of less than one day to several months.

Risk management forms a core overlay of the strategy and is a differentiating factor of the investment process. We look to manage a variety of risk factors such as concentration by name, sector, industry, style factors, volatility and gap risk. We may at times employ hedges for a variety of reasons and using a variety of instruments, including to offset the impact of certain market events; to reduce or limit correlation to various factor risks or to reduce idiosyncratic risk. We will maintain a risk management process to assess our clients' exposure to market, liquidity, counterparty and operational risks as well as all other relevant material risks. We may borrow securities, trade on margin and otherwise arrange with banks, brokers and others to obtain leverage. The overall leverage of each client will depend on the investment strategy employed on behalf of the client and specific market opportunities and will be subject to guidelines set forth in the advisory contract for each client.

#### Flexibility

We intend to pursue the investment strategy described above as long as such strategy is in accordance with each client's investment objectives. In addition, we may also formulate and implement new approaches to carry out the investment objectives of each client.

While it is anticipated that our clients will invest primarily in equities, equity-related securities and cash and cash equivalents that reference these underlying financial instruments, we have broad and flexible investment authority. Accordingly, each client's investments may at any time include, without limitation, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, bonds, notes, participations, convertible securities, fixed income securities, options (purchased or written), futures contracts, commodities, forward contracts, partnership interests and other securities or financial instruments including those of investment companies and cash and cash equivalents.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

#### *Risk Factors*

Our investment strategy involves significant risks. A discussion of the material risks is provided below. Prospective clients and investors are urged to review the relevant advisory contracts and offering documents (if applicable) carefully and consult with their own financial, legal and tax advisers before investing.

#### Algorithmic Trading

The success of our clients will be dependent upon our expertise combined with the efficacy and availability of the software and automated trading systems. We currently intend but are not required, to use an investment strategy that involves active trading through the use of automated trading systems. Such active trading presents the risk of large, immediate losses. The automated trading systems, no matter how convenient or efficient, do not reduce risks associated with active trading. The software and

automated trading systems, which we intend to utilize in managing client assets, are relatively new and have been put to limited use to date in portfolio management activities. There can be no guarantee that the software and automated trading systems will achieve their intended objectives.

As with all facilities and systems, our trading systems, hardware, and software are vulnerable to temporary disruption, failure, inaccuracies, and/or security breaches, including, but not limited to: communication failures or inaccuracies; security quotation and data errors (whether as a result of software errors, automatic price or data misfeeds, or a dealer's mistype or mistake); system or software crashes; distortions; viruses; stolen passwords and/or unauthorized trades; signal power disruptions; and failures of Internet reception or routing. System delay or failures can have negative results on investment selection and execution. The result of any system related failure may include, but not be limited to: trades being executed without our authorization; trades not being executed according to our instructions or criteria; or trades not being executed at all. The ability of our clients to recover certain losses or foregone profits due to such disruptions and failures may be subject to limits on liability imposed by system providers, the market, financial institutions, and/or the clearing house. In the absence of recovery, a client will bear the risks and losses of any system delays or failures, including, but not limited to, the system delays or failures described herein.

#### Arbitrage Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage, and index arbitrage. We, and/or our affiliates, may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur, which can be magnified to the extent a client is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced, or eliminated by other market participants. In other situations, the favorable spread is contingent on trading a basis (*i.e.*, an imperfect hedge for a specific spread). While the risk relative to an outright position may be lower, arbitrage strategies typically entail taking on certain basis risks.

#### Commodity and Futures Contracts

Our clients will invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in the client investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events, and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, we, and/or our affiliates, could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

#### Equity-Related Instruments in General

Clients will invest in equity securities and equity-related instruments, including but not limited to publicly listed equity securities in the U.S. or abroad, privately offered equity securities and financial instruments that may reference a single issuer, a specific sector, or a broad equity index. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments varies for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment, and the outlook for the overall economy. To the extent a client owns an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (*e.g.*, options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

#### Derivatives

To the extent that a client invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of a client, hence the client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to a client's assets in the case of an insolvency of any such party.

#### Exchange-Traded Funds

Clients will invest in shares of ETFs, including for hedging purposes. As an investor in ETFs, a client will bear its ratable share of various fees, allocations, and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide



investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors. It should also be noted that the Company Act places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company (an ETF is a registered investment company).

#### Futures Contracts

The use of futures is a highly specialized activity which involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase any client's return or not cause a client to sustain large losses. While the use of these instruments by a client may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. If we apply a strategy at an inappropriate time or judge market conditions or trends incorrectly, futures strategies may lower a client's return or cause substantial losses. Certain strategies limit a client's possibilities to realize gains as well as limiting its exposure to losses. A client could also experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, a client will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase a client's investment turnover rate. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the SMA may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions, and potentially subjecting a client to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

#### Hedging Transactions

Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of a client's securities or any of our, or our affiliates, objectives; (ii) possible lack of a secondary market for closing out a position in this instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by us, and/or our affiliates; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen a client's position; and (v) default or refusal to perform on the part of the counterparty with which a client trades. Furthermore, to the extent that any hedging strategy involves the use of over-the-counter derivatives transactions, this strategy may be affected by implementation of the various regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

We, and/or our affiliates, will not attempt to hedge all market or other risks inherent in our clients' positions, and will hedge certain risks, if at all, only partially. Specifically, we, and/or our affiliates may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of a client's overall portfolio. Each client's portfolio

composition will commonly result in various directional market risks remaining unhedged. We and/or our affiliates, may rely on diversification to control these risks to the extent that we believe it is desirable to do so; however, our clients are not currently subject to formal diversification policies.

The ability of a client to hedge successfully will depend on our ability and the abilities of our affiliates to predict relevant market movements, which cannot be assured. We and/or our affiliates are not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that a client's portfolio will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of this position may be limited.

#### Diversification; Portfolio Concentration

Our clients will generally aim to have a diversified portfolio. However, a client's portfolio may from time to time be concentrated among a range of issuers, industries, geographic areas, capitalizations or types of securities and may have significant, concentrated positions. As a result, our clients' investment portfolios may be subject to more rapid changes in value than would be the case if our clients were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

Our clients will not be subject to any significant limitations on the amount of capital which may be committed to any one investment. Each client's objective will be to invest its capital in those situations which we believe will offer the greatest risk-adjusted returns. Accordingly, each client may from time to time hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on the client's capital.

#### Use of Leverage

Our clients expect to utilize leverage. This results in each client controlling substantially more assets than it has equity. Leverage increases a client's returns if the client earns a greater return on investments purchased with borrowed funds than the client's cost of borrowing such funds. However, the use of leverage exposes the client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a client's assets, the client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, we may find it difficult or impossible to obtain leverage for a client. In such event, the client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in our being forced to unwind a client's positions quickly and at prices below what we deem to be fair value for such positions.

Market Neutral Strategy Risk

We intend for our clients' portfolios to generally be market neutral, although at times client portfolios may have net long or net short exposure. Exposure will fluctuate over time due to a variety of factors, including, but not limited to one-sided order fills, technology outages, model and/or optimizer errors and changes in the value of positions held in a client's portfolio.

Additionally, a client's use of short sales and other hedging transactions in combination with its long positions in an attempt to maintain a market neutral portfolio may not be successful and may result in greater losses or lower positive returns than if the client held only long or short positions. When the general stock market is performing strongly, a client is expected to underperform the market because its short positions will likely lose money. If a client's market neutral strategy is unsuccessful such that its portfolio has net long or net short exposure, the client will be subject to the risk that stock prices overall will decline or increase, respectively. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Model Risk

Each client's investment strategy is based upon a number of quantitative approaches, systematic analysis, algorithms or other models. Models to be employed are intended to identify and capture favorable investment opportunities or to limit certain types of risks, or possibly both. However, there is no assurance that the use of any such models will necessarily fulfill their intended objectives or assure investment success in future markets and environments.

As with any model-driven or other quantitative strategy, our investment strategy and its resulting performance is subject generally to model risk (*i.e.*, the consequences of any inaccuracy, flaw, or limitation of the quantitative model). Models are generally based upon historical data, which is not indicative of the future performance of any client investments. In addition, most quantitative models cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact the performance of any client. Further, as market dynamics shift over time, a previously highly successful model may become outdated – perhaps without us recognizing that fact before substantial losses are incurred. Even without becoming a completely outdated model, a model's effectiveness may decline for any number of reasons including, but not limited to, an increase in the amount of client assets we manage, the use of similar models by other market participants and/or market dynamic shifts over time. Moreover, there is an increasing number of market participants who rely on quantitative mathematical models. These models may be similar to those used by our clients, which may result in a substantial number of market participants taking the same action with respect to an investment and some of these market participants may be substantially larger than our clients. Should one or more of these other market participants begin to divest themselves of one or more positions, a "crisis correlation," independent of any fundamentals, could occur, thereby causing client to suffer material, or even total, losses.

We are continually engaged in the evaluation and refinement of investment models reflected in our strategies. We may also modify existing models, discontinue use of certain models, or add other models or other investment methodologies in the future.

### Non-U.S. Securities

Our clients will invest outside of the United States. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### Options

Trading options is highly speculative and may entail risks that are greater than investing in other financial instruments. Prices of options are generally more volatile than prices of other financial instruments. In trading options, we speculate on market fluctuations of the underlying financial instrument (*e.g.*, a security, an index, a commodity, exchange rate or other instrument), while only investing a small percentage of value relative to a client's potential exposure.

The price of any option is a function of direction (*e.g.*, whether the option is a "put" — the right to sell — or a "call" — the right to buy), the time to expiry and the implied volatility of the underlying instrument. A client may "sell" an option, which means it receives a small payment, or premium, relative to a notional amount, or the client may "buy" an option, which means it pays a premium to receive exposure to a larger notional amount. A "seller" of options is generally exposed to the entire notional amount of the option contract, and can be exposed to even more risk if it is selling a call option. A "buyer" of options risks losing all of its investment if the option expires "out of the money" (*i.e.*, the trade goes against that option buyer).

Purchasing put and call options, as well as writing these options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

### Portfolio Turnover

The investment strategy of each client will require us to actively trade such client's portfolio, and as a result, turnover and brokerage commission expenses of our clients may significantly exceed those of other investment entities of comparable size.

### Short Sales

Short sales create certain potential risks that are not otherwise associated with a long only portfolio. For example, a short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a

theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase, which might prevent or limit a client's ability to exit the short position.

There is also the risk that the securities borrowed by a client in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and a client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A client's inability to continue to borrow securities previously sold short may also force the client to unwind other elements of an investment position, possibly at a loss.

From time to time, various regulatory authorities have imposed "short-selling bans" in selected securities (often, however, a wide population of securities), making it difficult, if not impossible, to continue to implement certain long/short (as well as other) equity strategies.

For example, the SEC adopted an "uptick rule" in 2010 and securities exchanges have also reinstated "uptick rules" — generally prohibiting short sales unless the last recorded sale price of a stock was higher than the previous transaction. Over time, rules similar to the "uptick rule" could materially increase a client's transaction costs by requiring us to delay executing certain short sales (as well as to execute them at higher prices than would otherwise be the case), and in certain circumstances could prevent a client from acquiring a short position which we would otherwise have acquired for it.

#### Cybersecurity Risk

We, our clients and/or our affiliates and service providers, including banks, broker-dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers, and various other forms of cybersecurity breaches. Cyber-attacks affecting our clients, us and/or our affiliates or service providers may adversely impact our clients. For instance, cyber-attacks may interfere with the processing or execution of client transactions, cause the release of confidential information, including private information about investors, subject the clients, us and/or our affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of our clients' key service providers, such as us, banks, broker-dealers, custodians, or other counterparties holding client , may cause significant harm to our clients, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which our clients may invest. These risks could result in material adverse consequences for such issuers, and may cause client investments in such issuers to lose value. While we have instituted specific policies, and have engaged specialized vendors to manage cybersecurity risk and disaster recovery, there are no assurances that these policies and vendors will mitigate risks associated with cybersecurity.

#### **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 our management.

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

We and our related persons may determine, in our discretion, to participate in investments with persons not affiliated with our clients. In addition, we may offer to certain future clients, or to any third party, the opportunity to co-invest in opportunities in which a client has invested or that becomes available to a client. We may offer such opportunities to future clients or investors that we select in our discretion without notice to or the consent of any other client or investor.

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

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations, and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

*Personal Trading Policy*

Employees are required to obtain the prior written consent of our Chief Compliance Officer (the “CCO”) in order to engage in personal transactions in single-name securities. Additionally, employees will be required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading will also generally apply to an employee’s spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

*Participation or Interest in Client Transactions*

We may in the future manage additional private funds and would make available to qualified prospective investors the opportunity to invest in such funds. We expect that our Principal would have significant personal investments in such funds. In addition, we or our affiliates, would expect to receive performance-based compensation from such funds.

We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients’ best interests and have obtained client consent in accordance with our written procedures and applicable law.

**Item 12. Brokerage Practices***Selection of Brokers*

We have an obligation to seek to obtain “best execution” for our clients with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of

client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of SMA transactions, taking into account the following factors among others: the financial stability and reputation of the brokerage firms, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, custodial and other services provided for the enhancement of our portfolio management capabilities, the size and type of the transaction, the difficulty of execution and the ability to handle difficult trades, and the operational facilities of the brokers and/or dealers involved (including back office efficiency) and the research, brokerage or other services provided by such brokers.

Certain separately managed accounts may select their own prime brokers or custodians through which to clear and hold their investments. Alternatively, such accounts may choose not to open a prime broker or custodian relationship with a firm with which we have established a relationship, which may occasionally prevent them from participating in certain transactions that would otherwise have been recommended by us. In the event of the foregoing, we may not be able to achieve best execution for such separately managed accounts' transactions, and this practice of directed brokerage may cost such accounts more money.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

On a quarterly basis, our senior management meets to evaluate, among other things, the execution we receive from broker-dealers. During such meetings, they will consider the factors listed above among others, and will review gifts and entertainment received, and any known conflicts of interests (*e.g.* directing commissions to a broker-dealer where a family member is employed).

#### *Research and Other Soft Dollar Benefits*

We do not currently have any formal soft dollar arrangements. We may execute transactions on behalf of our clients with brokers that may provide us with access to proprietary research reports (such as standard investment research and credit reports). To the best of our knowledge, these services are generally made available to all institutional investors doing business with such broker. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such brokers.

If we determine to engage in soft dollar transactions in the future, we intend to comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. In such cases, products and services obtained through the use of soft dollars will generally be used to service all client accounts, and not exclusively in connection with the management of the client account that generated the particular soft dollar credits. In this regard, we are restricted from generating soft dollar credits for the SMA. The SMA will nonetheless benefit from research that may be obtained through soft dollar credits generated by future clients.



*Brokerage for Client Referrals*

Subject to applicable law, we may direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

*Trade Errors*

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will not reimburse each client account for net losses resulting from trade errors unless in accordance with the terms in such client's advisory contract or governing documents.

*Aggregation of Orders*

We will not aggregate trades while the SMA is our only client. In the event that we manage other clients outside of the SMA in the future, we will adopt formal policies relating to the aggregation of trade orders.

**Item 13. Review of Accounts***Review of Accounts*

Client portfolios are reviewed daily and their performance will be analyzed by senior management. In addition, senior management will regularly review client accounts to determine that the securities held by them remain consistent with their investment objectives and guidelines.

*Reporting*

We provide access to information and reports to the SMA as agreed upon in our advisory contract relating to the SMA. Such adviser also receives account statements from the accounts' custodian on such periodic basis as is agreed to between such adviser and custodian. In addition, the adviser of the SMA has full, real-time transparency as to all transactions and holdings in such account, and will be better able to assess the future prospects of a portfolio that is expected to be substantially similar to the portfolios of future private funds that we may manage. The adviser of the SMA may have the right to withdraw all or a portion of the account's capital on shorter notice and/or with more frequency than the terms applicable to an investment in any future funds we may manage.

In addition, investors may be provided with certain information about us and any future client accounts we may manage in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.



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

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to our clients.

We do not compensate any third-party marketers for introductions to potential investors or clients.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act, we are not deemed to have custody over the SMA's assets. As noted above in Item 13, the adviser of such account will periodically receive account statements from the custodian of such account. The adviser of the SMA should carefully review these statements.

**Item 16. Investment Discretion**

We have discretionary authority to manage securities and other investments on behalf of our clients. We have contracted to adhere to limited risk and/or operating guidelines imposed by the SMA's adviser and may under certain circumstances contract with other clients to adhere to limited risk and/or operating guidelines imposed by that client. We would negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

We generally have voting discretion over securities held by our clients. We have adopted proxy voting policies and procedures, which are summarized below.

In light of our investment strategy, we generally believe that proxies will not have a material impact on the value of our clients' investments. Therefore, in the absence of specific voting guidelines mandated by a particular client, we generally intend to abstain from voting proxies. Nonetheless, we will track each proxy and will vote a proxy if we determine that voting would be in the best interests of our clients.

When voting, we will adhere to the guidelines outlined below. In the absence of specific voting guidelines from the client, or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer's views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure), and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer's performance. If we deem that the issue being voted upon is not material for us and our clients, we will not be obligated to vote on such matter.

Upon request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18. Financial Information**

We are not required to include our balance sheet for our most recent fiscal year with this Brochure.

**Item 19. Requirements for State-Registered Advisers**

We are not a state-registered adviser.