

# ATLANTIC PEAK CAPITAL LP

April 11, 2019

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This brochure provides information about the qualifications and business practices of Atlantic Peak Capital LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at [teresa@atlanticpeakcapital.com](mailto:teresa@atlanticpeakcapital.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.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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**Item 2.      Material Changes**

This item is not applicable.

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its place of business in Manhattan, New York. The principal owner of the Adviser is Teresa Principe. Ms. Principe is also the principal owner of the general partner of the Adviser, Atlantic Peak Capital GP LLC.

The Adviser was formed in March 2019 and expects to commence operations as an investment adviser in the second quarter of 2019. As a result, certain responses contained herein are based on the Adviser's expectations with respect to its investment advisory business.

The Adviser expects to provide investment advisory services on a discretionary or non-discretionary basis to separately managed accounts (the "accounts") and private pooled investment vehicles (each, a "fund", and collectively with the accounts, the "clients"). The Adviser will provide advice to clients based on specific investment objectives and strategies set forth in (i) the management agreements or other governing documents of the accounts; and (ii) the offering memoranda, partnership agreements, management agreements or other governing documents of pooled investment vehicles. The Adviser may also recommend other investment managers for clients. References in this brochure, to the "governing documents" means the documents set forth in the preceding sentence, as applicable. The Adviser does not currently manage any assets. The Adviser expects to tailor advisory services to the individual needs of clients. Clients may impose restrictions on investing in certain securities or certain types of securities.

In accordance with Rule 203A-2 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Adviser anticipates that it will amend this brochure within 120 days of registration to indicate that it has met the asset eligibility requirements for registration.

#### **Item 5. Fees and Compensation**

##### **Asset-Based Compensation**

The Adviser will be paid an asset-based investment management fee ranging from .25% to 2.0% per annum of the net assets of each respective client.

Investment management fees will generally be charged quarterly, in arrears, based on the net asset value of the client (including net unrealized appreciation or depreciation of investments, and including cash, cash equivalents and accrued interest) on the first day of the month. If a new client is established during a month or a client makes an additional capital contribution during a month the investment management fee will be charged as of the effective date of the relevant governing documents or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the month.

##### **Performance-Based Compensation**

The Adviser or an affiliate of the Adviser, with regard to some clients and some strategies, will be paid performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client. This compensation may be paid to the Adviser or to an affiliate of the Adviser and is expected to be up to 25% of such capital gains or capital appreciation.

The asset-based fees and performance-based compensation may be negotiated with certain clients.

##### **Expenses**

Subject to the language of each client's governing documents with the Adviser, clients will be pay the expenses described below.

In addition to paying the investment management fees and performance-based compensation described above, separately managed account clients will also be subject to investment expenses, including expenses related to the purchase, sale or transmittal of assets; brokerage and transaction commissions and costs; interest on margin accounts and other indebtedness; clearing and settlement charges; borrowing charges on securities sold short; custodial fees; and bank service fees.

Clients that are funds will also be subject to other investment expenses which shall be set forth in the fund's offering memorandum and shall include inter alia the fund's legal, compliance and risk management expenses; administration, audit, tax and accounting expenses; certain software and hardware expenses related to the fund's portfolio; organizational expenses of the fund; research fees and expenses; interest on margin accounts and other indebtedness; clearing and settlement charges; borrowing charges on securities sold short; custodial fees; bank service fees; fund-related insurance costs; expenses of regulatory compliance, filings and reporting; pricing service fees; portfolio valuation expenses (including data feeds and third-party valuation agents); brokerage and transaction commissions and costs; and any other expenses related to the purchase, sale or transmittal of assets of the fund.

Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

The allocation of expenses by the Adviser between it and a client and among clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each client in accordance with the relevant governing documents of the relevant client. The Adviser seeks to allocate any shared expenses for products and services benefitting multiple clients or both the Adviser and a client, and not covered in the relevant governing documents of the client, in a fair and reasonable manner.

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

As noted in Item 5, the Adviser, or an affiliate of the Adviser, is entitled to receive performance-based compensation. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Certain clients may have higher asset-based fees and/or more favorable performance-based compensation arrangements than other clients. When the Adviser and its investment personnel manage more than one client, a potential exists for one client to be favored over another client. The Adviser and its investment personnel have a greater incentive to favor clients that pay the Adviser higher performance-based compensation and/or fees.

The Adviser expects to manage multiple clients. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple clients, including clients with different fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all clients with substantially similar investment objectives are treated equitably. The performance of similarly managed clients is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities are that eligible clients with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating client to all participating clients. However, if it deems advisable, the Adviser may allocate investment opportunities to such clients on a non-pro rata basis due to a consideration of factors including, but not limited to (a) regulatory and/or tax restrictions applicable to the client, (b) available cash or cash equivalents in the account or fund at the time of the investment opportunity, (c) projected liquidity requirements of the client, and/or (d) the avoidance of odd lots or excessively small allocations.

To the extent orders are aggregated, client orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including without limitation partially filled orders and to avoid odd lots or excessively small allocations. Finally, the Adviser seeks to allocate investments of limited opportunity (such as initial public offerings and private placements) among clients in a fair and equitable manner.

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

The Adviser's clients will consist of accounts and funds. The Adviser does not currently have any fixed requirements such as minimum account size, for opening or maintaining an account or a fund.

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

**A. Methods of Analysis and Investment Strategies.** The Adviser (or the managers it selects for its clients) utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include thematic and fundamental bottoms-up analysis to identify what the Adviser considers to be undervalued or overvalued investment opportunities. The Adviser (or such managers) will source ideas for investments from multiple channels including identification of thematic inflections, management meetings, sell side research, industry conferences and proprietary screens and signals. The Adviser will use the results of its research methodology to (i) create a qualitative opinion on company specific insights; (ii) delineate event path to realize expected return; (iii) create financial models that will highlight differences relative to market expectations; (iv) determine sentiment and positioning; and (v) outline asymmetry of the risk reward.

The Adviser (and the managers it selects for its clients) may employ the following investment strategies:

*Equity.* The Adviser expects to 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, and intends to focus on a broad range of equity investment styles. Some clients may focus on specific ranges on the capitalization scale, from micro-cap, through small-cap, mid-cap and large-cap, to mega-cap. Other clients may focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser may manage clients whose investment objectives focus on global, multi-national, or focused on particular geographic regions or specific countries.

*Fundamental Value.* The Adviser expects to engage in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

*Hedging.* The Adviser may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for profit and risk management purposes.

*Leverage.* The Adviser's investment program may utilize leverage, which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Option Trading.* The Adviser may engage in option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment.

*Short Selling.* The Adviser may engage in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities and, (ii) for profit.

*Buy and Hold.* The Adviser may engage in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

These method(s), strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

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

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

*International Investing.* Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) potential lack of uniform accounting, auditing and financial reporting standards; (iii) varying levels of governmental regulation and supervision; and (iv) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. The transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, may be higher than those involved in U.S. transactions. Furthermore, many non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are historically less liquid and their prices historically more volatile than securities of comparable U.S. companies. The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Lack of Diversification.* In certain cases clients may not be diversified among a wide range of types of securities or industry sectors. Accordingly, client portfolios may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments or sectors.

*Leverage.* Performance may be more volatile if a client employs leverage.

*Limits on Trading Activities.* In some situations, purchases or sales of securities for one client may cause certain trading limitations to apply to another client. Such trading limitations may be the result of regulatory restrictions. For example, under federal securities laws, a short sale of a security by one client within five business days prior to a public offering of the same securities (the timing of which is generally not known to the Adviser in advance) may prohibit another client from participating in the public offering, which could cause the client to miss an otherwise favorable investment opportunity or to pay a higher price for the securities in the secondary markets. Similarly, in the event that the Adviser causes one of its clients to purchase equity securities offered via private placement, the Adviser's other clients may be restricted from trading in related publicly traded securities

*Short Selling Risk.* The Adviser's investment program may include short selling. Short selling transactions expose the client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short

with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Cybersecurity Risk.* The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its clients and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Risk Management Failures.* Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

*Systems and Operational Risk.* The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

***C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).***

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection



and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Emerging Markets.* There are greater risks associated with investments in securities of issuers located in less developed countries than investments in securities of issuers located in the U.S. and other developed markets. Political risk for many developing countries is a significant factor. During certain social and political circumstances, governments may be involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls. In comparison to more developed markets, trading volumes in emerging markets may be lower, which can result in a lack of liquidity and greater price volatility.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges, and will expose the client to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Exchange Traded Funds ("ETFs").* 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 various sources of tracking error, including their expenses and a number of other factors.

*Illiquid Instruments.* Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. In some cases, the relevant portfolio may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

*Options.* In connection with the use of options, there may be an imperfect correlation between the change in market value of a security and the prices of the options held by the client. In addition, the Adviser's investments in options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

*Futures.* 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 futures trading, a relatively small price movement in a futures contract may result in substantial losses.

If a client invests in a pooled investment vehicle, its offering memorandum will contain additional information regarding the risks associated with investing.

**Item 9. Disciplinary Information**

This item is not applicable.

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

Each of the funds for which the Adviser or its related person serves as general partner may enter into additional agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders including such persons that may be affiliated with the Adviser or its related persons may be subject to terms and conditions that are more advantageous than those set forth in the governing documents of the fund. For example, such terms and conditions may provide for special rights to make future investments in the fund, other investment vehicles or accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the fund and such limited partners or shareholders. The modifications are solely at the discretion of the fund and may, among other things, be based on the size of the limited partner’s or shareholder’s investment in the fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the fund.

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

Pursuant to Rule 204A-1 of the Advisers Act, the Adviser will adopt a Code of Ethics (the “Code”) that obligates the Adviser and its supervised persons to put the interests of the Adviser’s clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser’s policies and procedures, all of the Adviser’s personnel are required to comply with applicable federal securities laws. Clients or prospective clients (as well as investors in funds and prospective investors in funds) may obtain a copy of the Code by contacting Ms. Principe at [teresa@atlanticpeakcapital.com](mailto:teresa@atlanticpeakcapital.com). See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by the Adviser’s supervised persons.

The Adviser and its supervised persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes quarterly disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Adviser prior to giving/receiving gifts above a certain de minimis threshold.

If the Adviser comes into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its supervised persons have invested or seek to invest on behalf of clients, the Adviser will be prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such

information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

#### **B. Client Transactions in Securities where the Adviser has a Material Financial Interest.**

The Adviser or its related persons, may act as a general partner in a partnership in which the Adviser solicits client investments. The Adviser also may invest client assets in offshore investment vehicles for which the Adviser acts as investment adviser.

These practices may create a conflict of interest because the Adviser or related person would have an incentive to recommend securities from (or sell securities to) clients based on its own financial interests, rather than solely the interests of a client.

**C. Investing in Securities Recommended to Clients.** In addition, the Adviser or its supervised persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. The Adviser or its related persons may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Adviser on behalf of its clients with respect to that same security. Such practices would present a conflict if, because of the information an Adviser has, the Adviser or its related persons were in a position to trade in a manner that could adversely affect the Adviser's clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons could also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted certain procedures in an effort to minimize such conflicts, which include pre-clearance of certain "restricted" securities, the disclosure of securities transactions on a quarterly basis, and the disclosure of personal holdings upon commencement of employment with the Adviser and on an annual basis thereafter. Trading in the personal accounts of the Adviser's related persons is reviewed periodically by the Adviser.

### **Item 12. Brokerage Practices**

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

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of the Adviser's 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). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser periodically evaluates the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.** The Adviser may receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser periodically reviews and evaluates its soft dollar practices, to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other clients. The Adviser seeks to allocate soft dollar benefits to clients proportionately to the soft dollar credits the clients generate.

The Adviser may participate in "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination by the Adviser of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

The Adviser has relationships with certain broker-dealers who execute trades on behalf of clients. In addition, the Adviser may participate in broker-dealer capital introduction events. Such relationships pose a potential conflict of interest in the selection of broker-dealers to execute trades in clients.

## **B. Order Aggregation.**

The Adviser often purchases or sells the same security for multiple clients at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate client orders for the purchase or sale of the same security at or near the same time with the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for clients where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

However, in cases where the client has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client, the Adviser may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order.

When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating clients, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating clients will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a client participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

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

Each client is reviewed by the Adviser on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Clients are also reviewed to ensure consistency with client investment guidelines and objectives.

Clients, or the investors in such clients, will receive written reports from the Adviser as set forth in the investment management agreement entered into between the client and the Adviser or relevant governing documents.

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

The Adviser does not currently have any arrangements in place to compensate anyone, or be compensated by anyone, for the referral of clients.

## **Item 15. Custody**

Clients will receive account statements directly from broker-dealers, banks and/or other qualified custodians. Clients should carefully review those statements.

An affiliate of the Adviser is deemed to have custody of Fund assets due to serving as the general partner to a limited partnership and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

## Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Except as imposed by regulatory requirements, clients generally do not have the ability to place any limits on the Adviser's authority beyond the limitations set forth in the applicable governing documents. Prior to assuming full discretion in managing a client's assets, the Adviser will enter into an investment management agreement or other agreement that will set forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) client liquidity, client requirements for liquidity and timing of cash flows; (ix) amount of trade away fees or other transaction fees. Although it is the Adviser's policy to allocate investment opportunities to eligible clients on a pro rata basis (based on the value of the assets of each participating client relative to value of the assets of all participating clients), these factors may lead the Adviser to allocate securities to clients in varying amounts. Even clients that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each client eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all clients eligible to invest in the particular investment.

Allocations will be made among clients eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for its clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those clients eligible to hold such securities. Eligibility will be based on the legal status of the clients and the clients' investment objectives and strategies.

The Adviser may provide certain clients or investors in a fund with the opportunity to co-invest in certain investments to which the Adviser has access. Participation in such opportunities may be limited to a select number of clients or investors based on their relationship with the Adviser or other factors and may not be available to all of the Adviser's clients or investors.

The Adviser may effect cross transactions between discretionary clients, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both clients. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed clients remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between clients are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar clients that are subject to ERISA.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent with the above stated policy. In the event that a client incurs losses resulting from a trade error resulting from the Adviser's gross negligence, willful misconduct or violation of the standard of care that is applicable to the client, the Adviser will reimburse the client. Otherwise, losses resulting from a trade error that does not result from the Adviser's gross negligence, willful misconduct or other standard of care applicable to the client will be borne by the client. The Adviser is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

To the extent the Adviser has authority, pursuant to the investment management agreement or other governing documents, to participate in class action claims (each, a "Claim") it will do so on a case-by-case basis. Once the Adviser receives notice of a potential Claim, the Adviser or its designee will determine whether any clients or former clients of the Adviser owned the security during the period covered by the potential Claim. Appropriate personnel of the Adviser or the Adviser's designee will determine whether they agree with the basis of the Claim and whether or not to participate in the Claim depending upon (i) the nature of the Claim; (ii) prospects for recovery; (iii) resources required to pursue the Claim, (iv) other relevant factors pertaining to the particular Claim and (v) any other factors that the Adviser deems relevant. To the extent the Adviser receives proceeds from a Claim on behalf of a client, including a fund, the Adviser's general policy is that only current clients or fund investors at the time of receipt of the proceeds will participate in the proceeds. The Adviser may under certain circumstances elect not to participate in the proceeds of a Claim.

#### **Item 17. Voting Client Securities**

The Adviser has established proxy voting policies and procedures that are designed to ensure that proxies are voted in the best interests of its clients.

The Adviser's policy is to vote or abstain from voting proxy proposals on behalf of accounts managed by the Adviser generally in accordance with recommendations of a proxy voting service provider (the "Proxy Service Provider"), which is an unaffiliated, third-party proxy voting advisory firm that specializes in providing proxy voting services to investment managers. The Adviser, however, does not follow the Proxy Service Provider's recommendation in all instances. The Adviser retains the discretion to vote contrary to the Proxy Service Provider's recommendation or abstain from voting if the Adviser determines that the vote or abstention to vote is consistent with investment objectives or client interest.

The Adviser will determine whether a proposal is in the best interests of the client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Potential conflicts of interest may arise due to a variety of reasons that could affect how the Adviser votes proxies. The Adviser attempts to minimize material conflicts of interest by utilizing recommendations from the Proxy Service Provider. In instances where the Adviser decides to vote contrary to the Proxy Service Provider's recommendation or abstain from voting, the Adviser will review the vote for any potential conflicts of interest.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting the Adviser by email at [teresa@atlanticpeakcapital.com](mailto:teresa@atlanticpeakcapital.com).

**Item 18. Financial Information**

This item is not applicable.