

**Item 1 - Cover Page**

**FORM ADV PART 2A DISCLOSURE BROCHURE**

**March 26, 2019**

**RJA Asset Management LLC**

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This brochure provides information about the qualifications and business practices of RJA Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (203) 655-8200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

RJA Asset Management LLC is registered as an investment adviser with the SEC. Registration with the SEC simply means that RJA Asset Management LLC is authorized to provide investment advisory services and does not imply a certain level of skill or training.

Additional information about RJA Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

On December 7, 2018, Rick Antle, Chief Compliance Officer (“CCO”), retired from RJA Asset Management. Nicholas Leeper became a Managing Member of RJA Asset Management by purchasing the management shares from Rick Antle. Nicholas Leeper also purchased the shares of the Estate of Stephen A. Ross, which ended its ownership interest on that date. Nicholas Leeper sold a portion of these shares to Andrew Jeffrey on December 10, 2018.

As a result of the above transactions, Andrew Jeffrey and Nicholas Leeper each own 50% of the management shares of the Firm.

Kristi Jeffrey assumed the responsibilities of the role of Chief Compliance Officer from Rick Antle on December 7, 2018. We have updated items 4 and 10, accordingly, to reflect these changes in this version of the Firm’s brochure.

Since the last annual updating amendment, we have edited Items 4 and 12, Advisory Business and Brokerage Practices for clarity. We also updated Item 13, Review of Accounts, to clarify that clients receive statements from the account custodian.

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## Item 4 - Advisory Business

### A. The Firm and Principal Owners

RJA Asset Management LLC ("RJA") is a limited liability company organized under the laws of the state of Delaware in February of 2009. We have been a registered investment adviser with the SEC since May of 2010.

Our principal owners are Andrew Jeffrey and Nicholas Leeper, who serve as Managing Members. Andrew Jeffrey serves as the head of research and Nicholas Leeper serves as the head of trading. Kristi Jeffrey serves as the Chief Compliance Officer.

### B. Advisory Services

RJA provides a quantitative approach to establishing portfolios of equities and equity options for institutional clients. RJA's services are either customized to the client's specific preferences and needs or "off-the-shelf" in the form of systematic strategies.

#### Customized Services: Overlays

The Overlay business was developed to meet a range of client needs stemming from portfolios of equity securities held as investments by corporations, defined benefit plans, and endowments. In the Overlay business, RJA establishes overlay portfolios of derivatives that alter the risk/return profile of existing investments and exposures. In tailoring recommendations to each client's specific preferences and needs, RJA takes into consideration existing positions, risk tolerances, overlay cost, capital constraints, policy considerations, and other client-specific factors as may be appropriate.

The RJA process in the Overlay business:

- Analyze the client's existing exposure related to its current investments;
- Work with the client to develop a set of targeted returns;
- Recommend an Overlay Portfolio of derivatives aimed at achieving a risk/return profile preferred by the client;
- Stress test the recommended Overlay Portfolio to demonstrate performance in various potential market outcomes.

#### Customized Services: Alpha

The Alpha business was designed to supplement a client's existing investment portfolio by providing a source of expected returns with low correlation to the U.S. equity market.

The RJA process in the Alpha business:

- Analyze option implied volatility surface;
- Construct an Alpha Portfolio that achieves the desired expected return profile;
- Stress test the Alpha Portfolio to demonstrate its performance in various potential market outcomes.

#### Customized Services: Return Replication

The Return Replication business was designed to provide a liquid alternative to investments in alternate asset classes, such as private equity.

The RJA process in the Return Replication business:

- Identify the asset class of interest to the client (Target Asset Class);
- Analyze the relationship of returns on the Target Asset Class to returns on applicable liquid equities and equity options;
- Work with the client to determine a set of targets for the Return Replication Portfolio;
- Recommend a Return Replication Portfolio of equities and/or equity derivatives aimed at hitting the targets with a risk/return profile preferred by the client;
- Stress test the recommended Return Replication Portfolio to simulate the performance in various potential market outcomes.

For each of the above customized services, RJA identifies an implementation strategy, which involves either over-the-counter or exchange-based trading and a decision as to whether RJA or the client will perform the implementation.

If RJA has responsibility for implementation and it is to be done over-the-counter, RJA will:

- Identify appropriate derivative counterparties;
- Execute the derivative transactions;
- Monitor and rebalance as necessary.

If RJA has responsibility for implementation and it is to be executed on an exchange, RJA will:

- Identify an appropriate approach and brokers with whom RJA will deal;
- Execute the derivative transactions;
- Monitor and rebalance as necessary.

If the client takes responsibility for implementation, RJA will:

- Provide information and advice, as requested by the client, during implementation;
- Provide information and advice on monitoring and rebalancing.

### **Systematic Strategies**

The Systematic Strategy business was designed to provide attractive investment alternatives for institutional clients and started with the RJA PutWrite Select Fund in April 2016. That Fund is designed to produce total returns with less risk than the U.S. equity market. The RJA PutWrite Select Fund employs an active cash-secured put-writing strategy that sells S&P 500 Index put options and collateralizes them with U.S. Treasury bills. The Fund employs a proprietary rules-based algorithm, which aims to increase the volatility premium collected to provide protection in downward trending markets and positive return in upward trending markets.

In September 2016, RJA launched its Global Hedged Equity Strategy. This strategy employs an active cash-secured put-writing strategy using rules-based algorithms. This strategy invests in options and ETFs on U.S. and Global Indices in order to target a global benchmark with a defined target beta exposure.

The RJA process in the Systematic Strategy business:

- Identify a potential trading strategy;

- Construct an algorithm for the strategy;
- Analyze the performance of the strategy by back-testing;
- Track the performance of the strategy on new data as they become available;
- If the performance tracking indicates that the strategy is attractive, launch an appropriately structured vehicle (e.g., a Separately Managed Account, Fund, etc.);
- Acquire seed investors for the new vehicle;
- Implement the strategy;
- Monitor the performance of the strategy and adjust the algorithm as needed.

### **C. Level of Services Provided to Clients**

#### **Customized Services**

RJA tailors customized strategies to meet each client's specific goals and objectives. The client will determine the scope of the engagement, including the portfolios to be covered, reporting schedule and performance measurement. The client will set forth the objectives and parameters of the engagement in the advisory agreement. This includes any investment restrictions.

Participation in strategy implementation is tailored to each client's preferences and legal, regulatory or other restrictions. RJA will implement the strategy either over-the-counter or via exchanges, and RJA will take responsibility for monitoring and directing collateral flows unless the client prefers to execute any part of the transactions and/or collateral process themselves.

#### **Systematic Strategies**

In a Fund, RJA provides services to investors according to the requirements of the Fund. Typically, an RJA affiliate would be the general partner of the Fund (if it is structured as a limited partnership) and RJA would serve as the Fund's investment manager. An Investment Management Agreement between the Fund and RJA would specify the extent of services to be provided by RJA.

In a Separately Managed Account, RJA can tailor the benchmark to the client's needs. RJA will implement the strategy either over-the-counter or via exchanges and RJA will take responsibility for monitoring and directing collateral flows unless the client prefers to execute any part of the transaction and/or collateral process themselves.

### **D. Portfolio Management Services to Wrap Fee Programs**

RJA does not participate in wrap fee programs.

### **E. Assets under Management**

As of December 31, 2018, RJA's regulatory assets under management (RAUM) were \$420,427,013. This amount only includes purchased positions and does not include sold positions, such as sold call and put options which are frequently employed in strategies for clients. Furthermore, RAUM does not include the value of client underlying assets for strategies that are designed as overlays.

RJA also serves as a nondiscretionary advisor for Return Replication Portfolios aimed at replicating returns on an investment of \$147.8m. As of December 31, 2018, the market value of only the purchased positions in these portfolios was \$28.1m. Please note that this amount is not included in the above stated RAUM.

## Item 5 - Fees and Compensation

### A. Advisory Fees

Given the range of specialized services offered, RJA does not maintain a fixed fee schedule. RJA works with each prospective client to determine the scope of the engagement and the contract pricing based upon the level of service to be provided.

Fees in the Overlay and Replication lines of business generally range from 10 to 50 basis points per annum of the value of the portfolio whose risk characteristics are being altered or replicated, or on the amount as defined in the client agreement. Fees in the Alpha business are in the range of 1% to 2% of assets under management plus a performance fee of 10% to 20% of performance beyond some target return.

Fees for Systematic Strategies range from 25 basis points for seed investors in a Fund structure to 50 basis points for other investors in a Fund or in another vehicle (e.g., a Separately Managed Account). Currently there are no performance fees in the Systematic Strategy business. For the existing Commingled Fund, RJA initiated a policy of waiting until the AUM first reaches \$100MM before charging advisory fees.

### B. Payment of Fees

RJA does not deduct fees from client assets. RJA invoices clients on a regular basis as called for in the Investment Management Agreement (typically quarterly).

In the Commingled Fund, fees are deducted from the Limited Partner's Capital Account, as stated in the Fund's offering memorandum.

### C. Additional Fees and Expenses

Clients are responsible for paying custodial fees, any transaction costs associated with trades, and any other fees associated with RJA advisory services. These fees are in addition to RJA advisory fees.

See Item 12, below, for a discussion of RJA brokerage practices.

In the Commingled Fund, the General Partner or its affiliates bear ordinary office overhead expenses, and the Partnership pays for organizational and operating expenses, as outlined in the Fund's offering memorandum.

### D. Prepayment of Fees

Fees are charged to the client either in advance or in arrears as specified in the client agreement (typically quarterly), which will generally provide for termination upon thirty (30) days written notice. However, specific provisions may vary depending upon the terms negotiated with each client. If the agreement is terminated prior to the end of the quarter and fees are paid in advance, the client will receive a pro rata refund of any fees paid from the date of termination until the end of the quarter, provided that any minimum fee, as set forth in the client agreement, has been met.

In the Commingled Fund, fees are typically charged monthly in advance, as stated in the Fund's offering memorandum.

### E. Compensation for Sale of Securities or Other Investment Products

Neither RJA nor our supervised persons receive compensation for the sale of securities or other investment products in connection with our advisory services.



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

Neither RJA nor RJA's supervised persons currently receive performance-based fees in the Overlay, Return Replication, or Systematic Strategy businesses.

RJA receives performance-based fees in the range of 10% to 20% for Alpha portfolios.

The fact that RJA may be compensated based on the performance of investments (i.e., realized and unrealized net gains) may create an incentive to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. Since performance-based fees earned are calculated on a basis that includes unrealized appreciation of client assets, such fees may be greater than if they were based solely on realized gains. In addition, RJA may manage client accounts that are charged an asset management fee and a performance fee as well as accounts that are only charged an asset-based fee. Note that the amount of performance fees charged may vary among client accounts. We may thus have an incentive to favor client accounts that are charged the maximum performance fee over accounts that are charged a lower performance fee or no performance fee.

To mitigate these potential conflicts, RJA:

- Disclose to all clients the potential conflicts described above;
- Maintain policies and procedures that require a fair and equitable allocation of limited investment opportunities among all eligible accounts;
- Maintain policies and procedures that require a systematic review process for portfolio management and trade allocation issues;
- Require portfolio managers to be mindful of the investment objectives of client accounts;
- Have processes in place to monitor compliance with investment and risk management guidelines for strategies implemented by RJA;
- Have adopted policies and procedures that require employees to act in the best interests of clients at all times.

## Item 7 - Types of Clients

RJA clients are corporations, defined benefit pension plans, private funds, and endowments. Given the tailored nature of RJA's approach and low fee structure, RJA typically requires the following:

- The minimum size of the underlying notional assets for which RJA will provide an Overlay or Return Replication is \$100 million.
- The minimum investment in an Alpha Strategy is \$20 million.
- The minimum investment in a Fund is \$25 million.

The amounts above may be negotiable.

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

### A. Methods of Analysis and Investment Strategy

RJA uses a variety of methods of analysis in formulating investment strategies. These methods include the application of financial theory and its results, simulations, statistical analyses of financial information, and characteristics of financial instruments.

#### Risk of Loss:

Please be aware that investing in securities involves risk of loss that the client should be able to bear.

Financial theory and its results depend on various assumptions and relationships that may not hold in practice or that have held historically but may not hold in the future. Simulations cannot reflect all possible future events and necessarily rely on assumptions about the way uncertain variables and parameters behave over time. Historical behavior present in financial information and characteristics of financial instruments may not hold in the future. All of these factors, and more, can result in losses.

### B. Material Risks of Strategy

The major material risks in strategies that RJA employs involve unanticipated changes in:

- The prices of financial instruments involved;
- The relationships amongst values of financial instruments held by the client and those in the strategy provided by RJA;
- Underlying financial variables, such as interest rates and market volatility, that affect the ability to achieve the desired risk/return characteristics;
- Market liquidity that affects RJA's ability to adapt a strategy to changing conditions;
- The credit worthiness of a derivative counterparty in an over-the-counter transaction may deteriorate and thus make it difficult for them to meet their contractual obligations. RJA encourages the use of collateral arrangements to mitigate this risk.

### C. Material Risks Associated with Certain Securities

RJA employs option-based strategies and options involve risks. An option buyer could lose the entire premium invested in an option that finishes out-of-the-money. A seller of a call option is theoretically exposed to unlimited losses. The seller of a put option is theoretically exposed to a maximum loss equal to the difference between the strike price and the option premium received. RJA strategies typically involve both buying and selling options. When trades are executed over-the-counter, there is risk that a counterparty could unexpectedly and swiftly fall into financial distress and be unable to fulfill its obligations.

### D. Material Risks Relating to Investment Strategy and Technique of the Systematic Strategy

The major risks associated with an investment strategy and technique of a systematic strategy include: General Limitations as to Investment Approach and Strategy, Investment Risk, Put Option Risk, Implied Volatility Risk, Derivatives Risk, Frequent Trading Risk, Transaction Cost Risk, Credit/Default Risk, Interest Rate Risk, and Cybersecurity Risk.

You should consult the offering memorandum for risks associated with any particular Fund.

## **Item 9 - Disciplinary Information**

RJA is not the subject of any legal or disciplinary event that is material to a client's evaluation of RJA or the integrity of RJA's management.

## Item 10 - Other Financial Industry Activities and Affiliations

### A. Broker-Dealer

RJA is not registered as a broker-dealer.

### B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor

RJA is not registered as a futures commission merchant, commodity pool operator or a commodity trading advisor.

### C. Material Relationships with Related Persons

Andrew Jeffrey, Managing Member, is a Managing Director of Compensation Valuation, Inc. ("CVI"), a firm that provides employee stock option valuation services for publicly held corporations. CVI does not provide services to RJA clients. Mr. Jeffrey typically spends less than one day per month on CVI matters.

No other member or employee has any outside activities that are material to RJA's business.

### D. Arrangements with Other Investment Advisers

RJA does not recommend or select other investment advisers for our clients.

### E. Affiliate

RJA PutWrite GP LLC, the general partner of RJA PutWrite Select Fund LP, is controlled by Andrew Jeffrey and Nicholas Leeper; and, therefore, it and RJA are under common control.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions, Personal Trading**

### **A. Summary of Code of Ethics**

RJA maintains a Code of Ethics (the "Code") that (i) describes RJA's fiduciary duty to clients, and (ii) sets standards for business conduct. The following is a summary of the key provisions of the Code:

**Scope** - The Code covers all Managers, Officers, Members, Employees, and any other persons who are under RJA's supervision and control ("Covered Persons").

**Fiduciary Duties** - The Code is based on the principle that RJA and all Covered Persons owe a fiduciary duty to clients. Accordingly, RJA and all Covered Persons are required to avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of RJA's clients.

**Personal Securities Trading** - All Covered Persons are subject to certain trading restrictions. All Covered Persons must report their personal securities transactions quarterly and personal securities holdings annually.

**Code of Conduct** - The Code contains specific topics designed to reflect RJA's commitment to ethical conduct. These topics include compliance with legal and regulatory requirements, gifts, outside activities and entertainment. RJA must also comply with separate Insider Trading Policies and Procedures.

**Code Violations** - The Code requires that all Covered Persons report any actual or apparent violation of the Code and provides for a prohibition on retaliation against any person who reports such violations. Appropriate sanctions are included for Code violations.

A copy of RJA's Code may be obtained by contacting us at 17 Old Kings Highway South, Suite 120, Darien, CT 06820 or by phone at (203) 655-8200.

### **B. Recommending Securities in Which We Hold a Financial Interest**

RJA does not recommend or buy or sell securities in which RJA or a related party holds a material financial interest.

### **C. Investing in Same Securities as Clients**

Via strategies provided by RJA, RJA clients typically invest in options on broad-based indexes such as the S&P 500 Index, broad-based ETFs, options on those ETFs, and U.S. Treasury bills. Given the broad-based nature of the aforementioned, RJA employees may hold the above securities in their personal portfolios, but this has no relation to the securities held by RJA's clients.

### **D. Investing at the Same Time in the Same Securities as Clients**

See Item 11(C), above.

## Item 12 - Brokerage Practices

### A. Criteria for Counterparty or Broker Selection

RJA trades derivatives, including put and call options through Exchanges and over-the-counter. In either case, RJA policies and procedures require a regular and systematic trade execution oversight process.

#### Trading on Exchanges

RJA trades securities listed on major exchanges and may use a standard prime brokerage arrangement to place and execute trades. RJA may also use a “high-touch” broker through which trades are executed. In this case RJA obtains a back-stop price from the broker and the executed price is no worse than the back-stop price.

The value of products, research, and services given to RJA or a related person is not a factor in selecting brokers. Further, RJA closely monitors the prices at which brokers execute trades, evaluate their performance, and report results to the client.

#### Trading Over-the-Counter

RJA may execute trades using the client’s counterparties and trading arrangements (ISDA’s). RJA initiates a transaction by providing participating dealers with a detailed term sheet and specifications for providing indicative pricing. RJA selects the dealer with the best price and executes the transaction. The agreed price is on a net basis. Clients do not pay brokerage commissions on these transactions. RJA evaluates the competitiveness of pricing using information from exchanges (where possible) and internal RJA pricing models.

RJA may assist clients in selecting counterparties for execution. Factors considered when recommending counterparties include:

- Creditworthiness, reputation, and experience of the counterparty;
- Operational expertise in providing confirmation, documentation, timely settlement, and on-going operational support of the contemplated transaction;
- Terms and appropriate documentation of derivative transactions;
- The availability of financial instruments involved in the contemplated transaction;
- Level of service.

The value of products, research, and services given to RJA or a related person is not a factor in recommending a counterparty to a client. RJA reserves the right not to transact with any given counterparty if, for example, agreements with the counterparty cannot be reached to sufficiently protect RJA’s intellectual property.

### B. Research and Other Soft Dollar Benefits

RJA does not receive research, services, or other products from a broker-dealer or third party in connection with client transactions. See Item 12(A) above, and Item 14(A) below.

### C. Brokerage for Client Referrals

RJA counterparty and broker selection process does not include consideration of client referrals.

**D. Directed Brokerage**

In exchange-based transactions applicable for the Commingled Fund managed by RJA, trades are directed to a broker selected by RJA. Other than for the Commingled Fund managed by RJA, RJA does not require clients to direct transactions to a particular counterparty or use particular brokers. See Item 12(A).

**E. Trade Aggregation**

For the RJA Customized Services line of business, it would be highly unusual for a contemplated transaction to be appropriate for more than one client. In addition, over-the-counter trades involve an explicit agreement between each client and each counterparty making bunching impractical.

For the RJA Systematic Strategy line of business there are circumstances under which trades would be aggregated. When RJA deems the purchase or sale of securities to be in the best interest of its clients, RJA may aggregate the securities to be purchased or sold in order to obtain superior execution or lower brokerage expenses. RJA will endeavor to make all investment allocations in a manner which it considers to be the most equitable to all managed entities and accounts.

RJA has adopted the following policies and procedures in order to provide all client accounts with fair and consistent treatment and quality execution of transactions. When RJA determines that a particular trade is appropriate for more than one client portfolio or account ("Eligible Portfolios"), all Eligible Portfolios will be treated fairly and consistently when placing such orders. It is RJA's basic policy that no client for whom RJA has investment decision responsibility shall receive preferential treatment over any other client account. Where appropriate, RJA aggregates orders placed for the same securities on behalf of Eligible Portfolios. Aggregation refers to placing a combined trade covering more than one client portfolio. The trade is allocated based upon the required number of securities for each Eligible Portfolio at the average price of the trade.



## Item 13 - Review of Accounts

### A. Periodic Review of Client Accounts

RJA monitors the risk characteristics of all systematic strategies and client strategy portfolios on a daily basis using proprietary risk management software. The daily mark to market report is reviewed each day by at least two members of the investment management team. Investment reports are provided to clients on a regular basis, typically monthly. Portfolios are reviewed to ensure compliance with client mandates and Fund strategy.

### B. Review of Client Accounts on Other than Periodic Basis

RJA monitors the characteristics of all strategies on a daily basis using proprietary risk management software. Shifts in factors such as interest rates, market volatility, and prices of financial instruments may impact the strategy's risk/return profile. A major intra-day shift in these or other factors could cause RJA to review strategies at any time during the day.

### C. Content and Frequency of Client Reports

RJA provides written portfolio evaluations as stipulated in client agreements or in a Fund's governing documents. Evaluation reports are typically provided on a monthly basis. A client in any of RJA's customized services may request reports at any time. Clients receive statements directly from the account custodian.

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

### **A. Economic Benefits from Third Parties**

No one other than a client provides economic benefits to RJA for providing advisory services. RJA receives unsolicited bank research that is primarily the result of banks' marketing efforts. RJA also receives market data from some banks that are counterparties in transactions executed for clients. In no way does this unsolicited bank research or market data affect the selection of counterparties or the terms of transactions executed with them.

### **B. Compensation to Third Parties for Referrals**

RJA may, from time to time, enter into agreements to compensate third parties for referrals. These arrangements will comply with all regulatory requirements regarding compensation for third party referrals.

## **Item 15 - Custody**

For a Commingled Fund, RJA uses qualified custodians to hold Fund assets. RJA provides audited financial statements of each Fund prepared in accordance with generally accepted accounting principles, to Fund investors within 120 days of the Fund's fiscal year end.

For all other businesses RJA does not maintain physical custody of any client's securities. Clients receive account statements directly from their custodian. RJA provides our own statements of positions to clients on a monthly basis, or more frequently if requested.

## **Item 16 - Investment Discretion**

The extent of RJA's power to supervise and direct investments is negotiated on a client-by-client basis. Some clients delegate to RJA the power to supervise and direct investments without prior consultation. All investment decisions must be in accordance with the objectives, limitations and parameters set forth in each client's investment management agreement. For systematic strategies RJA expects investments to be guided primarily by trading algorithms but RJA will have the ability to adjust them as dictated by facts and circumstances. Discretion in any Fund is specified in the Fund's governing documents.

You should consult the offering memorandum regarding investment discretion in any particular Fund.

## **Item 17 - Voting Client Securities**

RJA does not accept proxy authority to vote on behalf of client securities. Clients will receive any proxies or other solicitations directly from the custodian. RJA does not advise on voting proxies.

## Item 18 - Financial Information

### A. Balance Sheet

RJA does not require or solicit prepayment of any client fees six months or more in advance. Therefore, RJA does not provide a balance sheet to clients.

### B. Financial condition

RJA does not have any financial condition to disclose that is likely to impair RJA's ability to meet contractual commitments to clients.

### C. Bankruptcy Petitions

RJA has not been the subjects of a bankruptcy petition at any time.