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

**MATRIX CAPITAL MANAGEMENT COMPANY, LP**

March 2019

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*This brochure (this “Brochure”) provides information about the qualifications and business practices of Matrix Capital Management Company, LP (“Matrix”, the “Investment Adviser”, “we”, “us” and similar terms). If you have any questions about the contents of this Brochure, please contact us at (781) 522-4974 or [jkaleba@matrixlp.com](mailto:jkaleba@matrixlp.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.*

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

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

## **ITEM 2**

### **MATERIAL CHANGES**

Our last annual update to this Brochure was in March 2018. While this Brochure contains changes and updates to certain information since the last update, we do not feel there have been material changes to the information herein since that time.

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## ITEM 4 ADVISORY BUSINESS

### A. General Description of Advisory Firm.

Matrix, a Delaware limited partnership, commenced operations in 1999 with an office in Waltham, Massachusetts. David E. Goel and Paul J. Ferri are the founders of Matrix. David E. Goel, the Managing General Partner of the Investment Adviser, controls the Investment Adviser and maintains ultimate authority over all investment decisions and the business affairs of Matrix. Matrix General Partner, LP and Matrix Institutional Advisers, LP (each, a “Fund General Partner”, and, together, the “Fund General Partners”) are affiliates of the Investment Adviser and provide advisory services to certain of the Investment Adviser’s clients.

Our registration on Form ADV also covers the Fund General Partners. The Fund General Partners’ facilities and personnel are provided by us.

### B. Description of Advisory Services.

The Investment Adviser serves as the manager or management company, as the case may be, with discretionary trading authority to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “Fund” and collectively, the “Funds”). Interest in the Funds are offered to certain Accredited Investors and Qualified Purchasers.

As used herein, the term “client” generally refers to each Fund. The Funds include:

- Matrix Capital Management Fund, L.P., a Delaware limited partnership (the “Domestic Fund”);
- Matrix Capital Management Fund (Offshore) Ltd., a Cayman Islands exempted company (the “Offshore Fund”, and together with the Domestic Fund and the Endowment Fund, the “Feeder Funds”);
- Matrix Capital Management Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Master Fund”), which serves as the master fund into which the Feeder Funds invest all of their investable assets through a “master-feeder” structure; and

*This Brochure generally includes information about the Investment Adviser and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.*

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

The Funds seek capital appreciation through investments in the Master Fund which principally invests in publicly-traded equity securities. See Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss”.

C. Availability of Customized Services for Individual Clients.

The advice that the Investment Adviser provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth with respect to each Fund, in its respective Offering Memorandum or Private Placement Memorandum (each, a “Memorandum”).

D. Assets Under Management.

The Investment Adviser had net assets under management of approximately \$2.9 billion (rounded to the nearest \$100 million) as of December 31, 2018, all of which is managed on a discretionary basis. This calculation is based on the aggregate net asset value of our various client accounts and may differ from the “regulatory assets under management” that we reported in Item 5.F of Part 1A.

## ITEM 5 FEES AND COMPENSATION

### A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's Memorandum. A brief summary of such fees is provided below.

Generally, the Feeder Funds pay the Investment Adviser a fee for investment management services (the "Management Fee") for each fiscal quarter equal to 0.375% (1.5% per annum) of the beginning net asset value of each investor's (i) capital account in a Domestic Fund or (ii) shares of an Offshore Fund for such calendar quarter. The Management Fee is calculated and paid in advance. The Management Fee is prorated for any capital contribution, withdrawal, redemption or subscription, as applicable, by an investor that is effective other than as of the first day of a calendar quarter. In the event of a withdrawal or redemption by an investor other than as of the last day of a quarter, the Investment Adviser will pay to the applicable Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the applicable Fund will distribute such amount to the withdrawing investor. The Management Fee may be waived, reduced or calculated differently with respect to certain investors.

The General Partners may receive annual performance-based compensation equal to a percentage of the realized and unrealized net profits of the Funds as detailed in such Funds' Memoranda or investment management agreement. Performance-based compensation is generally equal to 20% of realized and unrealized net profits of each respective Fund for each fiscal year; provided, that each Fund maintains a bookkeeping account to determine the high water mark (a "Loss Recovery Account") that must be exceeded before the performance-based compensation with respect to an investor in a Fund is charged at a rate of 20%. The Loss Recovery Account of each investor in a Fund commences at zero. As of each adjustment date, the Loss Recovery Accounts of each Fund is either (i) increased by an amount equal to two and one-half times (250%) of any net loss allocated for such fiscal period or (ii) decreased (but not below zero) by the amount of any net profit allocated for such fiscal period. An investor will bear performance-based compensation equal to 10% of its realized and unrealized net profits until the balance of its Loss Recovery Account is reduced to zero.

In the event that a Fund is terminated or an investor withdraws or redeems other than at the end of a fiscal year, then for purposes of determining the applicable performance-based compensation, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. Performance-based compensation may be waived, reduced or calculated differently with respect to certain investors.

We do not charge our employees, certain affiliates, family members and similar parties performance-based compensation and/or Management Fees.

B. Payment of Fees.

Management Fees and performance-based compensation are generally deducted from the assets of the applicable clients. As discussed above, Management Fees are generally deducted on a quarterly basis and performance-based compensation is generally deducted on an annual basis.

C. Additional Fees and Expenses.

As more fully described in each Fund's respective Memorandum, the Funds will generally bear expenses in connection with the Master Fund's trading and investment activities, which may include, without limitation, brokerage costs (which vary depending on a number of factors, including the broker utilized for the transaction and any research-related services provided by such broker, the particular security or other instrument traded, and the volume and size of the transaction), execution, give-up, exchange, clearing, clearinghouse, principal, and regulatory commissions and fees, delivery, custody, storage, warehousing, and escrow expenses, research fees and expenses (including research fees and expenses paid to advisors or consultants and costs of developing data analytics), fees paid to third-party consultants (including third-party risk management consultants), finder's fees paid for the introduction of transactions, insurance costs (including directors' and officers' insurance, errors and omissions insurance and other similar policies), directors' fees, entity-level taxes, governmental fees, shipping surcharges, customs levies, offloading charges, handling fees, grading fees, assay charges, interest and borrowing charges on margin accounts, borrowed money, investments, and other indebtedness, bank, broker, and dealer service fees, and related expenses and costs.

The Funds may also bear additional expenses associated with organizing, administering and continually offering the Funds. Such expenses include legal, accounting, escrow, auditing, recordkeeping, administration, fund accounting, computer, and clerical expenses, insurance, expenses incurred in preparing reports and tax information to investors and regulatory authorities, expenses of printing and dispatching offering materials and reports to investors, travel expenses incurred in connection with meetings with existing or potential investors, duplicating expenses, mailing costs, courier costs and filing fees.

D. Additional Compensation and Conflicts of Interest.

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



**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Investment Adviser and its affiliates accept performance-based fees from every client. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

**ITEM 7**  
**TYPES OF CLIENTS**

The Investment Adviser generally provides investment advice to the Feeder Funds, indirectly, through their investment in the Master Fund, and to the Master Fund as described above. Each of the Funds' Memorandum contains information regarding the minimum investment applicable to the Fund.

## ITEM 8

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

#### A. Methods of Analysis and Investment Strategies.

*The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. As the Feeder Funds conduct all of their investing and trading activities through, and invest all of their investable assets in, the Master Fund, references to the term "Master Fund" in this Brochure in the context of the Master Fund's portfolio, investment program and related assets should be understood to mean the Master Fund, any other vehicle through which the Master Fund makes investments or enters into transactions, and, indirectly, through their investments in the Master Fund, the Feeder Funds.*

The Investment Adviser's primary goal is to generate an attractive risk-adjusted return by, investing the Master Fund's assets in a concentrated portfolio of long and short positions, following the classic hedge fund model. The Investment Adviser's strategy is to achieve this goal through maintaining a concentrated portfolio of long and short investments, over the long term, driven by differentiating research into company fundamentals. The process involves three key aspects: definition, initiation and allocation. Taken as a whole, the process is designed to inform and underpin the Investment Adviser's decision when to initiate a position, at what level of conviction, and for what internal rate of return.

The Investment Adviser focuses on its areas of core competencies to define compelling investment themes and opportunities that will guide its stock picking. Under this aspect of the Fund's strategy, its investment professionals bring to bear their deep sector expertise, familiarity with business models, and ability to identify and delineate broad trends that will define markets over the medium and long term.

The research process is designed to harness the research team's talent and develop powerful investment theses, ultimately converting each idea into an entry point where the Investment Adviser can initiate a position. The research process is attuned to discovering differences between a company's current market value and its intrinsic value, so the fund may delineate a variant perspective and initiate a position during that moment of uncertainty. The research team delves into a company's fundamentals and performs a "bottom-up" analysis to assess its intrinsic value, at the same time identifying any discrepancies between what the market thinks about a company's future trajectory and the Investment Adviser's alternative view of that trajectory. The objective of the Master Fund is to own undervalued companies with significant

opportunities to grow or reinvent their earnings and to sell short overvalued companies facing unappreciated and systemic obstacles until they reach target prices that reflect their intrinsic values.

The Investment Adviser reaches a certain level of conviction in each thesis and marks it with the appropriate level of capital allocation based on the Investment Adviser's expected return. The sizing of each position is determined by the Investment Adviser's conviction in the research team's investment thesis, as well as its judgment about how closely the idea aligns with the trends the Master Fund has delineated as investment themes. The timeframe is typically long-term. The combination of long and short positions is intended to make the Master Fund less susceptible to general market movements and to emphasize the Investment Adviser's stock selection.

Within the broad set of possible investments, the Master Fund invests primarily in equity securities, which are expected to be principally in the form of common stocks but may also include preferred stocks, convertible securities, warrants, stock purchase rights, depositary receipts, shares of investment companies, and other equity-related interests. However, market conditions and other factors may present appropriately compelling opportunities for the Master Fund to pursue non-equity investments, and the Master Fund may also invest in debt securities, without restriction as to any minimum rating criteria. The Master Fund may purchase and write (sell) options on stocks, bonds, currencies, or market indices, thereby allowing the Master Fund to leverage its returns from specific securities and engage in a wide range of transactions designed to enhance the Master Fund's returns, such as securities lending and repurchase agreements. The Master Fund may employ active portfolio management strategies both as a hedge against volatility and as a possible source of additional income and capital appreciation.

The Master Fund's investment program is speculative and entails substantial risks. There can be no assurance that the Funds' investment objective will be achieved, and its investment results may vary substantially on a monthly, quarterly or annual basis.

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

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. For a complete listing of risks associated with investment in a particular Fund, please review that Fund's Memorandum.*

Small- and Mid-Capitalization Issuers. Investing in the securities of companies with small- or mid-capitalization can involve greater risk and the possibility of greater portfolio price volatility than is typically associated with equity investments in larger, more established issuers.

Leverage. Leveraging the Master Fund creates an opportunity for increased net income or capital appreciation but, at the same time, creates special risk considerations. Although the principal of borrowings underlying any leverage will be

fixed, the Master Fund's assets may change in value during the time the borrowing is outstanding. Because any decline in value of the Master Fund's investments will be borne entirely by the Master Fund (and not by those persons providing the leverage to the Master Fund), the effect of leverage in a declining market would be a greater decrease in the value of the Master Fund's portfolio investments than if the Master Fund were not so leveraged. Leveraging will create interest expenses for the Master Fund, which can exceed the investment return from the borrowed funds. To the extent the investment return derived from securities purchased with borrowed funds exceeds the interest the Master Fund will have to pay, the Master Fund's investment return will be greater than if leverage were not used. Conversely, if the investment return from the assets acquired with borrowed funds is not sufficient to cover the cost of leveraging, the investment return of the Master Fund will be less than if leverage were not used.

Leverage may include borrowing and also the use of margin. Other borrowings take the form of, or are embedded in, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. There can be no assurance that the Master Fund will be able to maintain adequate financing arrangements under all market circumstances.

As a general matter, the banks and dealers that provide financing to the Master Fund can apply discretionary margin, haircut, financing and valuation policies, or impose other credit limitations or restrictions, whether due to market circumstances or government regulation or judicial action. Such application or losses may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel the Master Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a loss of the Master Fund's equity.

Concentration of Holdings. Although it is the policy of the Investment Adviser to diversify the Master Fund's assets among different investments, if the Investment Adviser believes that one or a few investments or a group or groups of related investments than is usually held in the portfolio have significant profit potential, the Investment Adviser may concentrate the Master Fund's assets in those areas to the exclusion of all else. Thus, at certain times, the Master Fund may hold a few, relatively large (in relation to its capital) investment positions in the same or similar financial instruments, markets or industries or that individually or in the aggregate exhibit substantial price volatility, with the result that a loss in any such position could have a material adverse impact on the net asset value of the Master Fund. To the extent the Investment Adviser causes the Master Fund to make such concentrated investments, the exposure to credit and market risks associated with such financial instruments, markets or industries will be increased.

Hedging Strategies. The Investment Adviser is not required to attempt to hedge portfolio positions in the Master Fund and, for various reasons, may determine not to do so. Furthermore, the Investment Adviser may not anticipate a particular risk so as

to hedge against it. The Master Fund may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the securities market, (ii) protect the unrealized gains in the value of the Master Fund's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Master Fund's portfolio, (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets, (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date or (vii) for any other reason that the Investment Adviser deems appropriate.

Long and Short Fundamental Investments. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived mispricings underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from relationships expected by the Investment Adviser, the Master Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Fund to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing long and short fundamental strategies. Furthermore, the valuation models used to determine whether a position is mispriced may become outdated and inaccurate as market conditions change.

Significant Positions in Securities; Regulatory Requirements. In the event the Master Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Fund and the Investment Manager. Any such requirements may impose additional costs on the Master Fund and may delay the acquisition or disposition of the securities or the Master Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Master Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Adviser were to exceed applicable position limits, the Investment Adviser would be required to liquidate positions, which might include positions of the Master Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Fund might have to forego or modify certain of its contemplated trades.

In addition, if the Master Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or

places a director on the board of directors of such a company, under Section 16 of the Securities Exchange Act of 1934, as amended, the Master Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Master Fund will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Counterparty Risk. The Master Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Master Fund will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Master Fund's trading activities, could create losses, preclude the Master Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Master Fund establishes additional relationships could have a significant impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

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

Counterparty Insolvency. The Master Fund's assets may be held in one or more accounts maintained for the Master Fund by counterparties, including its prime brokers. There is a risk that any of such counterparties could become insolvent and/or subject to insolvency proceedings. The insolvency of the Master Fund's counterparties is likely to impair the operational capabilities or the assets of the Master Fund. Although the Investment Adviser will regularly monitor the financial condition of the counterparties they use, if one or more of the Master Fund's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United

States Bankruptcy Code), there exists the risk that the recovery of the Master Fund's instruments and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the instruments or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Master Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of its insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Master Fund, which could be material.

### C. Risks Associated with Particular Types of Securities

Equity Securities. The Master Fund may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Non-U.S. Investments. The Master Fund may invest a portion of its assets in securities of non-U.S. companies, which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries may involve certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain, other income or gross sale or disposition proceeds; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Master Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is in the U.S.

The Master Fund may trade futures, options and forward contracts in markets located outside the United States where the Commodity Futures Trading Commission



regulations do not apply. Some non-U.S. exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, the Master Fund is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. In addition, the trading of forward contracts on certain non-U.S. commodity exchanges may be subject to price fluctuation limits.

An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Derivatives; Swaps. The Master Fund may purchase and sell derivatives. “Derivatives” are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other securities (equity or fixed income), commodities, currencies, interest rates, indices, or other assets, the relative values of two or more items or assets, economic or other activities, or other items. Some derivatives are standardized instruments, such as futures contracts or options traded on recognized exchanges. Other derivatives are directly negotiated contractual arrangements with one or more counterparties. Terms, conditions and characteristics of derivatives vary widely, and new structures and products are developed continually. Such products are often complex, involve significant leverage, and are dependent upon credit and other considerations affecting the ability or willingness of the counterparties with which the Master Fund deals to perform as anticipated. In general, derivatives involve a high degree of risk (including the possibility of total loss) as well as the opportunity for gain.

Swap transactions are privately negotiated, non-standardized derivative agreements between the Master Fund and a counterparty to exchange or swap investment cash flows or assets at specified intervals in the future measured by different commodities or other items, indices, or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap trading is similar to the spot and forward markets in that banks, broker-dealers or their affiliates generally act as principals in the swap markets, and the Master Fund is subject to risks similar to those described in the discussion of the spot and forward markets, below.

Options. The Master Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The Master Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Options may be exchange traded or traded over-the-counter (off the exchange markets) directly with dealers. To the extent an over-the-counter option is a tailored investment for the Master Fund, it may be less liquid than an exchange-traded option. Further, as with other derivative investments, over-the-counter options are subject to counterparty risk. The Master Fund will have the credit risk that the seller of an over-the-counter option will not perform its obligations under the option agreement if the Master Fund exercises the option. Options purchased on futures contracts on foreign exchanges are exposed to the risk of foreign currency fluctuations against the U.S. dollar.

Stock Index Options. The Master Fund may purchase and sell call and put options on stock indices listed on securities exchanges or traded in the OTC market. A stock index fluctuates with changes in the market values of the stocks included in the index. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Master Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Master Fund of options on stock indices will be subject to the Investment Adviser's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Investment in Private Securities. An amount equal to up to 10% (determined at cost at the time of investment) of the Master Fund's net assets may be invested in non-publicly traded securities (such securities, "Private Securities"). Accordingly, such investments may be illiquid and involve a high degree of business and financial risk which can result in substantial losses. Because of the absence of active or regulated trading markets for Private Securities, and because of the difficulties in determining market values accurately, it may take the Master Fund longer to be able to liquidate these positions (if they can be liquidated) than would be the case for more liquid securities. The prices realized on the resale of Private Securities could be less than those originally paid by the Master Fund. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities.

#### D. Cybersecurity Risks

As the use of technology has grown, there are ongoing cybersecurity risks that make Matrix and the Funds susceptible to operational and financial risks associated with cybersecurity. To the extent that Matrix is subject to a cyber-attack or other unauthorized access is gained to its systems, Matrix and the Funds may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to Matrix or the Funds. Cyber-attacks affecting Matrix's or the Funds' service providers holding its financial or investor data may also result in financial losses to the Funds and their investors, despite efforts to prevent and mitigate such risks under Matrix's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since Matrix or the Funds do not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

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

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

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

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

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

The Investment Adviser and its affiliated general partner and management company entities provide discretionary investment management services to the Funds. Included in the Investment Advisors Form ADV registration are two relying advisers: Matrix General Partner, LP, and Matrix Institutional Advisers, LP, who are advisers to certain Funds but have delegated all their duties to the Investment Adviser. The Investment Adviser and its relying advisers are together filing a single Form ADV in reliance on the position expressed in American Bar Association, Business Law Section, SEC No-Action Letter (January 18, 2012). Each relying adviser is identified on a separate Section 1.B., Schedule D, of Form ADV.

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

The Investment Adviser does not recommend or select other investment advisers for its clients.

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

**A. Code of Ethics.**

We are committed to fostering a culture of compliance. We have adopted a Code of Ethics, (“the Code”) consistent with the requirements of Rule 204A-1, which, among other things:

- sets forth the standards of professional conduct for all of our employees;
- governs the treatment and forbids the misuse of material nonpublic information by our employees;
- governs our employees’ personal securities transactions and holdings; and
- requires all supervised persons to report violations of the Code our chief compliance officer (the “CCO”).

We actively encourage our employees to contact the CCO for compliance and regulatory matters. Employees receive Code of Ethics training and are required, both initially upon the commencement of their employment and on annual basis thereafter, to acknowledge and certify that they have reviewed, understand and will comply with the policies and procedures as set forth in the Code of Ethics.

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

**B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.**

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

The Investment Adviser generally executes market Cross Trades with the assistance of an unaffiliated broker-dealer or custodian who executes and books the transaction. Alternatively, a Cross Trade between two clients may occur as an “internal cross”, where the Investment Adviser instructs the prime broker for the clients to book the transaction at the closing price on the last business day of the previous quarter.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser and other related persons, the

Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.

The Code places restrictions on personal securities trades by employees. Employees are only permitted to trade in mutual funds, exchange traded funds, fixed income instruments, and limited offerings. No individual equity securities may be purchased by the employees in their personal accounts. The Code also requires that employees disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Subject to the Code, the Investment Adviser's employees may engage in personal securities trading.

The restrictions of the Code do not preclude purchases of interests in the Funds by employees of the Investment Adviser. Employees may be investors in the Funds and some key personnel of Matrix may have substantial interests in the Funds.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

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

D. Conflicts of Interest Created by Contemporaneous Trading.

While all of our clients' trading is currently conducted through the Master Fund, we may in the future manage investments directly on behalf of a number of clients. Our clients' investment programs may be similar and may overlap. Therefore, all of our clients may participate with each other in investments. It is our policy to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. We will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because we

purchase or sell the same security for, enter into a transaction on behalf of, or provide an opportunity to any client if, in our reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

Generally, all of our clients will be traded in parallel and all trades are allocated on a *pro rata* basis based on the percentage total of the assets under management of each client. We will never allocate trades based on an account's performance or fee structure. Allocations, and conformance to allocation policies, are reviewed on an ongoing basis.



## **ITEM 12**

### **BROKERAGE PRACTICES**

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

As noted previously, the Investment Adviser has full discretionary authority to manage the Master Fund, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and the Master Fund's investment guidelines.

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

- price;
- the ability of the brokers and dealers to effect the transactions;
- the ability of the brokers and dealers to provide the Investment Adviser with access to public company contacts through conferences, meetings and similar events;
- the brokers' and dealers' facilities; and
- reliability and financial responsibility and in consideration of such brokers' and dealers' provision or payment (or the rebate to the Master Fund for payment) of the cost of brokerage and research services that are of benefit to the clients.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Master Fund by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Master Fund separately compensate any broker or dealer for any of these other services.

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

- the ease of use;

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

The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

The Investment Adviser does not have any soft-dollar arrangements with any broker or dealer but does receive research from brokers or dealers with which it trades.

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or third party.

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer.

#### B. Order Aggregation.

If the Investment Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each the assets under management of each client's participating in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, in order to avoid odd lots or *de minimis* allocations and because of other restrictions required by tax, regulatory or other reasons (such as with respect to new issues under the new issues rules). However, *de minimis* deviations from the allocation percentages may be permitted in the interest of placing round lots in client accounts. The Investment Adviser will seek to allocate trades in a manner that is fair to all clients, and will never allocate trades based on an account's performance or fee structure.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

The Investment Adviser performs reviews of client accounts on a daily basis and conducts a formal review of client accounts at least monthly.

On an annual basis, each investor in a Fund will receive audited fiscal year end financial statements of the applicable Fund. Each investor in a Fund will also receive unaudited performance reports of such Fund on a monthly basis.

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

A. Economic Benefits for Providing Services to Clients.

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

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

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

## **ITEM 15**

### **CUSTODY**

The Investment Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and requires that each Fund distributes its audited financial statements to all investors within 120 days of the end of each Fund's fiscal year.

**ITEM 16**  
**INVESTMENT DISCRETION**

The Investment Adviser serves as the management company with discretionary trading authority to the Master Fund.

The Investment Adviser's investment decisions and advice with respect to the Master Fund are subject to its investment objectives and guidelines, as set forth in the Funds' Memoranda.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement with the Master Fund pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

If the Investment Adviser detects a material conflict of interest in connection with a proxy solicitation, it will, at its own expense, engage an outside proxy voting service or consultant to make a recommendation. The Investment Adviser’s employees have been instructed to retain documentation of the proxy voting service or consultant’s recommendation and the Investment Adviser will vote clients’ proxies in accordance with that recommendation.

The Investment Adviser will not neglect its proxy voting responsibilities, but it may abstain from voting if it deems that abstinence is in its clients’ best interests. For example, it may be unable to vote securities that have been lent by a custodian. Its employees have been instructed to prepare and maintain memoranda describing the rationale for any instance in the Investment Adviser does not vote a client’s proxy.

The Funds and investors may obtain a copy of the Investment Advisor’s proxy voting policy and voting records upon request.

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

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