

**Item 1. Cover Page**

**SIRIUS PARTNERS, L.P.**  
**Firm Brochure**

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This brochure provides information about the qualifications and business practices of Sirius Partners, L.P., an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at (312) 443-5240 or info@siriuslp.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Sirius Partners, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

There have been no material changes to our business since our last annual update to Form ADV made in March 2018.

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## **Item 4.           Advisory Business**

### ***A. General Description of Advisory Firm.***

Sirius Partners, L.P., which we will refer to as “Sirius,” “the Firm”, “we”, “us” or “our”, is an Illinois limited partnership formed by Peter B. Foreman in January 1994, when Sirius began operations. Sirius provides investment advice and other services to its clients. Sirius is owned by Sirius Corporation, an Illinois limited liability “S” corporation, which serves as General Partner, and two trusts of which Mr. Foreman and Rhonda Keysor are co-trustees. Sirius Corporation is owned by Peter Foreman and a trust established for the benefit of Mr. Foreman’s family of which Virginia Foreman and Rhonda Keysor are trustees.

Sirius currently serves as the General Partner of an Illinois limited partnership formed in January 1997 and of another Illinois limited partnership formed in June 1978, which is closed to new investors and invests substantially all its capital in the first limited partnership. We refer to these limited partnerships collectively as the “Fund.” The Fund is a domestic master-feeder fund of funds, Procyon Partners LP (“Procyon” or the “Fund”). The Fund has one investee fund, Hesperus Ltd. (“Hesperus” or “Feeder/Investee Fund”), which was the original limited partnership referenced above. Hesperus is closed to new investors and no longer an active Feeder/Investee Fund. Substantially all the assets of Hesperus are invested in Procyon. For recordkeeping purposes it’s treated as an investor of Procyon.

Mr. Foreman and Mr. Bradford Beatty are primarily responsible for managing Sirius’ investment program on behalf of the Fund. The investment team consists of Mr. Foreman, Mr. Beatty, and Mr. Lee Wolf.

Since the Fund invests in futures contracts, Sirius also became registered as a Commodity Trading Adviser and Commodity Pool Operator with the Commodity Futures Trading Commission (“CFTC”) in May 2013 and with the NFA in April 2014. The CFTC is a federal regulatory agency with jurisdiction over futures trading. The National Futures Association (“NFA”) is the self-regulatory organization for the U.S. derivatives industry, including on-exchange traded futures, retail off-exchange foreign currency (forex) and OTC derivatives (swaps).

A Commodity Pool Operator (“CPO”) is an individual or organization which operates a commodity pool and solicits funds for that commodity pool. A commodity pool is an enterprise in which funds contributed by several persons are combined to trading futures contracts, options on futures, retail off-exchange forex contracts or swaps, or to invest in another commodity pool.

A Commodity Trading Advisor (“CTA”) is an individual or organization which, for compensation or profit, advises others, directly or indirectly, as to the value of or the advisability of buying or selling futures contracts, commodity options, retail off-exchange forex contracts or swaps. Providing advice indirectly includes exercising trading authority over a customer's account as well as giving advice through written publications or other media.

Sirius has a prime brokerage relationship with Cowen Prime Services as an introducing firm.

## ***B. Description of Advisory Services (including any specializations)***

Sirius' investment program entails investing the Fund's capital directly in a broad range of securities and with unaffiliated underlying managers, which we refer to as "Portfolio Managers," both through managed accounts and through investing in private funds, which we refer to as "Portfolio Funds."

Sirius formulates investment objectives, directs and manages the investment and reinvestment of the Fund's assets, and provides reports to investors in the Fund. Investment advice is provided directly to the Fund according to the Fund's investment objectives and not individually to any Fund investor. Fund investors may not impose restrictions on the Fund's investment activities.

We have full discretionary authority with respect to investment decisions for the Fund. We provide our services at the fund level, in accordance with the investment objectives and guidelines set forth in the funds' respective offering documents, and we do not provide investment advisory services for individual investors in our funds.

The clients to whom we provide investment advice are private investment funds offered to investors on a private placement basis. Details regarding applicable suitability criteria for investors in our funds are set forth in the funds' offering and subscription documents.

We may in the future manage or accept other types of client accounts which may be tailored by individual client, at our sole discretion.

## ***C. Availability of Tailored Services for Individual Clients***

Investment advice is provided directly to the Fund according to the Fund's investment objectives and not individually to any Fund investor. Fund investors may not impose restrictions on the Fund's investment activities.

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

This is not applicable as we do not offer any wrap fee programs.

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

As of December 31, 2018, Sirius managed approximately \$233,796,169 of client assets, all of which is managed on a discretionary basis.

# **Item 5. Fees and Compensation**

## ***A. Management Fees and Performance Allocation***

Sirius receives compensation from the Fund comprised of fees based on a percentage of assets under management or performance-based amounts, depending on fund performance. The performance-based compensation is in the form of a profit allocation from the Fund to Sirius.

We charge an annual performance allocation (the “General Partner’s Allocation”) of 10% which is subject to a high-water mark. Sirius is entitled to a 1% Contingent Management Fee (assuming investment of \$3 million or more), only to the extent that the Contingent Management Fee exceeds the General Partner’s Allocation.

The Contingent Management Fee is paid annually in arrears by deducting the fee from the Fund investors’ capital accounts and is pro-rated for intra-year capital contributions and withdrawals. The General Partner’s Allocation is based on realized and unrealized gains and is paid annually or upon a Fund investor’s withdrawal of capital, subject to a high-water mark.

### ***B. Payment of Fees.***

General Partner’s Allocation or Contingent Management Fee is deducted from an investor’s capital account at the end of the year or at time of withdrawal.

Compensation payable to Sirius is generally not negotiable, but under certain circumstances (such as the size of an investment in the Fund, the overall amounts allocated to Sirius for management by the Fund investor or the extent to which the Fund investor offers strategic opportunities or benefits to Sirius), Sirius may, in its discretion, waive all or a portion of its management fees or performance-based compensation for a particular investor.

We currently do not have any side letter arrangements with any Fund investors.

An investor may pay a management fee that is higher or lower than that of another investor, based on factors such as the number of assets managed overall for the investor.

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

The Fund pays such out-of-pocket costs and expenses as we determine to be necessary or advisable to the conduct of its business, including without limitation:

- investment advisory, administrative, subscription and redemption fees and all other costs associated with placing the Fund’s assets under the management of Portfolio Managers;
- brokerage commissions, dealer mark-ups and all other costs of executing transactions (including, without limitation, all commissions, clearing fees, valuation and portfolio pricing, financing charges and applicable withholding and other taxes);
- interest expense;
- insurance expense (for Directors and Officers and Errors and Omissions policies as well as general liability insurance, including for Sirius, its principals, members and employees);

- legal, auditing, reporting, accounting, registration and compliance program expenses of both the Fund and Sirius (including, but not limited to, costs and expenses related to U.S. and non-U.S. registration, regulatory and self-regulatory filings such as Forms 13D, 13F, 13G, 13H, PF, ADV and CPO-PQR, and other filings and reports the preparation of which may be required of the General Partner or the Fund, as well as consulting fees related to compliance and operations);
- fees in connection with the custody of assets of the Fund;
- computer services costs (including both hardware and software costs);
- Sirius's office rent and upkeep;
- personnel costs; and
- extraordinary expenses, including expenses relating to litigation, proceedings and investigations including routine or non-routine requests for information and of actual or "mock" examinations by the Internal Revenue Service ("IRS"), the SEC, the CFTC/NFA or other governmental bodies or self-regulatory organizations.

The Fund will also pay an allocable share of our expenses, which includes salaries and bonuses for trading and administrative professionals, office supplies, accounting, legal and general administrative expenses, utilities, software, computer equipment, quotation service and data feeds, rent, travel, entertainment and general expenses; provided, that bonuses paid to partners of Sirius or others having an ownership interest in Sirius (including Mr. Foreman) are paid exclusively by Sirius, not the Fund. Sirius will determine the equitable allocation of the expenses described in the preceding sentence between the Fund and Sirius' other clients. Investors should note, however, that as of the date of this document substantially all our attention and resources, and therefore substantially all such expenses, are allocated to the Fund.

To the extent the Fund's and our ordinary operating expenses relating to computer services, personnel and office rent and upkeep exceed during any fiscal year 0.5% (pro-rated in the case of partial fiscal years and to reflect intra-year Capital Contributions and Withdrawals) of the Fund's year-end Net Asset Value (as defined in the Agreement of Limited Partnership), Sirius will absorb such costs. Investors should note that a substantial portion of the expenses borne by the Fund (both on its own behalf and on behalf of Sirius), are not subject to the foregoing expense "ceiling."

#### ***D. Additional Compensation and Conflicts of Interest.***

We are not compensated for the sale of securities or other investment products and we are not affiliated with any broker-dealers.

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

As noted above under “Fees and Compensation,” Sirius may receive from the Fund performance-based compensation in the form of an allocation equal to a percentage of the appreciation in the net asset value of each Fund investor’s investment in the Fund, depending on fund performance

The receipt of performance-based compensation creates a conflict of interest between Sirius’ interest in earning a profit for itself in the short term with the long-term interests of the Fund and Fund investors. Specifically, Sirius may have an incentive to make investments or select Portfolio Managers that are riskier or more speculative than would be the case if Sirius were compensated solely based on a flat percentage of capital. Sirius may receive increased compensation because the performance-based compensation is calculated on a basis which includes unrealized appreciation as well as realized gains, and any securities for which market quotations are not readily available will be valued by Sirius at the value reasonably determined by the Fund. These valuations can affect the amount of performance-based compensation received by Sirius.

We retain the right to waive or reduce the Performance Allocation with respect to any investor.

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

Sirius provides investment supervisory services to private investment funds. Investment advice is provided directly to a private fund client, subject to Sirius’ direction and control, and not individually to a client’s investors. Sirius’ Fund investor base is comprised of institutions, such as endowments, pension plans, foundations, and high net worth individuals/family offices, including Mr. Foreman and his family members.

### **Minimum Investment Requirement:**

- The minimum initial investment amount for investors in our Fund is typically \$1,000,000

While the Fund offering documents generally limit initial investments to at least \$1,000,000, Sirius may waive the minimum in its discretion. Factors that may be considered in waiving such minimum are the size of an investment in the Fund, the overall amounts allocated to Sirius for management by the Fund investor or the extent to which the Fund investor offers strategic opportunities or benefits to Sirius.

We may manage or accept other funds or client accounts in the future which may be subject to a different minimum investment at our sole discretion.



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

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

We utilize a multi-strategy, diversified investment approach with the objective of producing consistent capital appreciation. The strategy is executed by making Direct Investments on behalf of the Fund and investing in Portfolio Funds and with Portfolio Managers. The investment strategy includes (i) analysis of prevailing market conditions, (ii) identification, evaluation and selection of Direct Investments and Portfolio Managers, (iii) ongoing evaluation of Direct Investments and Portfolio Managers, their methods and their performance, and (iv) allocation and reallocation of assets among Direct Investments and Portfolio Managers. We invest globally without material limitation on strategies, the number of Direct Investments or Portfolio Managers, or types of investments. The composition of the Fund's portfolio is entirely at the discretion of Sirius; the Fund has no specific investment policies or restrictions.

#### Direct Investments

Sirius directs investments on behalf of the Fund based on an evaluation of the relevant instrument and market conditions. Sirius may cause the Fund to invest directly in mutual funds and other types of public and private investment vehicles, including ETFs, individual stocks, bonds, commodity interests, including futures, and other instruments as Sirius may determine. As of the date of this document, direct investments are typically made on an opportunistic basis and employ a "directional equity" strategy, whereby we take outright long positions in stocks we perceive to be undervalued. However, there are no limitations on the types of instruments or in the strategies Sirius may employ on behalf of the Fund. Direct investments may also be made using leverage.

We advise the Fund to invest in new issues of securities, if the Fund complies with all the rules and regulations pertaining to these investments, including the conduct rules of the Financial Industry Regulatory Authority, Inc.

#### Trading through Portfolio Funds and Portfolio Managers

In addition to its direct investment activities, Sirius invests in Portfolio Funds and with Portfolio Managers. We perform in-depth analyses and consider a variety of factors in evaluating and selecting Portfolio Managers, including but not limited to:

- past performance during favorable and unfavorable market conditions
- diversification characteristics in relation to other Portfolio Managers
- amount of assets under management
- overall integrity and reputation of the Portfolio Fund and its personnel
- fees charged

The Fund may employ, or may select Portfolio Managers who employ, a wide variety of strategies, including but not limited to:

- long/short equity: this strategy involves taking simultaneous long and short positions in certain equity securities to profit from directional movements in the securities;
- long-biased equity, with focus on global or U.S. markets: this strategy involves taking an outright position in equity securities of issues in global or U.S. markets;
- distressed debt: this strategy involves investing debt securities and other indebtedness of financially distressed and/or highly leveraged companies;
- long mortgage-backed securities: this strategy involves investing in securities that represent an interest in a pool of mortgages;
- merger arbitrage: this strategy involves capturing the price spread between current market prices and the value of financial instruments upon successful completion of a merger, acquisition or contract for control;
- multi-strategy: this strategy involves a combination of other strategies employed in Sirius', or the Portfolio Managers', discretion; and
- managed futures: this strategy involves investing in futures, forwards and derivatives markets.

Portfolio Managers may use leverage in their investment activities through purchased securities with borrowed funds, selling securities short, trading futures, using repurchase agreements and swaps and other means. In effecting transactions for the Fund, Sirius may, at times, also utilize leverage. The Fund has no specific investment policies or restrictions.

### Risk Management

Sirius may, in its discretion, execute risk management strategies as an overlay to the Fund's investment portfolio. We believe that doing so may be advisable from time to time to reduce overall Fund exposure to certain markets accumulated across different Portfolio Funds and Direct Investments, to maintain attractive risk/return profiles in investments such as mutual funds (where no underlying hedging may be occurring) as well as to reduce exposure to certain illiquid investments held by the Fund. We may hedge by making investments which it believes may closely correlate with the Fund's underlying holdings. However, there can be no assurance that the expected correlation will in fact occur or that the selected hedging vehicle will in fact reduce the Fund's risk exposure.

### No Strategy Limitations

In investing in the Fund, investors are entrusting their capital to the entirely discretionary management of Sirius and the Portfolio Managers to whom we allocate Fund capital. There is no limitation whatsoever on the strategies implemented by us in selecting Portfolio Managers and Portfolio Funds, making Direct Investments, managing the Fund's risk or implementing any other aspect of the Fund's overall investment approach.

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

The following is a summary of some of the material risks associated with the investment strategy employed by Sirius on behalf of the Fund. This summary does not attempt to describe all the risks associated with the investment strategies pursued by the Fund. The Fund's offering memorandum contains a more complete description of the risks associated with an investment in the Fund. Refer to the section titles "Certain Risk Factors" in the Procyon Partners, L.P. Confidential Private Placement Memorandum, dated June 2016, for risks that each investor should consider in determining the suitability of an investment in the Fund.

Investing in securities involves risk of loss that the Fund investors should be prepared to bear. To the extent the Fund invests in Portfolio Managers and Portfolio Funds rather than directly, the following risks are applicable to the Fund's investments in such Portfolio Managers and Portfolio Funds as well as to the Fund's direct investments.

Certain Portfolio Funds employ strategies for which no specific "risk factors" are provided. Nevertheless, such strategies should be speculative, volatile and, in general, no less risky than other strategies employed.

### ***Increased Competition in Alternative Asset Investments***

There has been a marked increase in the number of, and flow of capital into, investment vehicles established to implement alternative asset investment strategies, including the strategies implemented by the Fund. Such increase may result in greater competition for investment opportunities or may result, under certain circumstances, in increased price volatility, decreased liquidity or lower returns with respect to certain positions.

### ***Investments in Other Fund of Funds***

The Fund may invest in Portfolio Funds that themselves invest in underlying private funds (*i.e.*, "fund of funds"). Such investments will subject the Fund to the fees charged by the underlying funds of such "funds of funds." In addition, it may be difficult or impossible for the Fund to conduct adequate due diligence on the underlying private funds in which such fund of funds invests, and instead, the Fund may rely on a particular fund of funds' due diligence on its underlying funds.

### ***Multiple Portfolio Managers***

Sirius, either directly or indirectly, employs, in part, a multi-manager strategy on behalf of the Fund and each Portfolio Manager will trade independently of the others. There can be no assurance that the use of a multi-manager approach will not effectively result in losses by certain of the

Portfolio Managers offsetting any profits achieved by others. This offsetting could result in significant reduction in the Fund's assets because incentive allocations may be allocable to those Portfolio Managers that recognized profits irrespective of the offsetting losses. Various Portfolio Managers will from time to time compete with the others for the same positions. Conversely, opposite positions held by the Portfolio Managers will be economically offsetting. If Portfolio Managers hold positions that offset those held by other Portfolio Managers, the Fund will be unable to recognize any gain or loss on these open positions, while at the same time incurring brokerage commissions on each of the offsetting positions and paying advisory fees.

### ***“Hedging” No Assurance Against Loss***

Although some of the Portfolio Managers may hedge certain market exposure, such hedging may provide no protection against significant losses. Moreover, certain Portfolio Funds may implement purely outright, speculative strategies.

### ***Equity Securities***

The 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 Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from Sirius' expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfill 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.

### ***Hedged Equities Strategies***

Although the Fund may take long and short positions, the Fund is likely to have a net long bias in this component. Accordingly, the Fund could incur significant losses in its hedged equities component in the event of a substantial decline in global stock markets. Further, the hedged approach utilized by the Fund could cause the Fund's performance in its hedged equities component to lag market indices in the event of sharply rising markets.

In addition, Sirius may employ long-only directional equity strategies in making direct investments on behalf of the Fund. The Fund could incur significant losses in its unhedged, long-only equity positions in the event of a substantial decline in global stock markets.

Although Sirius will hedge the Fund's market exposure, such hedging may provide no protection against significant losses. Moreover, Sirius may implement a purely speculative strategy.

The Fund may engage in frequent trading of securities. Frequent trading may subject the Fund to increased brokerage and other transactions costs and taxes, which may in turn adversely affect performance.

### ***Use of Leverage***

The Fund may make use of leverage in implementing its strategies. Leverage increases both profit potential and risk of loss. The Fund may in the future borrow from time to time to increase the capital placed with Portfolio Managers, to pay expenses and withdrawals, and for a variety of other

reasons. These borrowings not only increase the Fund's risk of loss, but also result in interest expense.

### ***Futures Contracts***

The Fund may trade futures and options. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. Thus, a relatively small price movement in a futures contract may result in substantial losses to the investor. Commodity exchanges limit fluctuations in commodity futures contract prices during a single day. During a single trading day, no trades may be executed at prices beyond the "daily limit." Once the price of a futures contract for a commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless Sirius is willing to effect trades at or within the limit

### ***Distressed Obligations***

The Fund may invest in obligations of issuers in weak financial condition and that may be experiencing considerable capital needs or negative net worth, poor operating results, or special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments, although they also may provide the potential for correspondingly high returns. In addition, an inherent risk of investing in distressed entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by materially adverse interest rate movements, changes in the general economic climate, economic factors affecting an industry, or specific developments within such companies.

### ***Short Sales of Securities***

The Fund may sell securities short. Selling securities short involves selling securities that the Fund does not own. To make delivery to the purchaser of those securities, the Fund may borrow securities from a third-party lender. The Fund subsequently must return the borrowed securities to the lender by delivering to the lender securities purchased in the open market. The Fund could, in theory, be exposed to an unlimited loss in the event of an unlimited increase in the market price of a borrowed security. Purchasing securities to close out the short position can itself cause the price of the securities to rise, thereby limiting profits or exacerbating losses. The risk also exists that the securities necessary to cover a short position will not be available for purchase. Additionally, arbitrage strategies involving short sales are exposed to the risk of the loss of the hedge if the stock sold short is called by the lending broker, or the position cannot otherwise be maintained, forcing premature liquidation.

Short selling is continually the subject of regulatory scrutiny, and regulatory restrictions exist in one or more markets in which the Fund trades.

### ***Options***

The Fund may buy and sell options on securities and stock indices. The writer of a covered call option assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the underlying security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security

above the exercise price of the call. In addition, the writer of a call option that is not covered assumes the additional risk that it will be required to satisfy its obligation to the buyer of the call option by making an open-market purchase of the underlying securities on unfavorable terms. The buyer of a put or call option assumes the risk of losing the premium invested in the option.

### ***Use of Derivatives***

Sirius may use over-the-counter derivative instruments, such as forwards, options and swaps. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. The Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to such contracts by, the principals with which the Fund trades. The regulatory and tax environment for derivative instruments in which the Fund may participate, directly or indirectly, is evolving and changes in the regulation, including pursuant to the Dodd Frank Wall Street Reform Act, or taxation of such instruments may have a material adverse effect on the Fund. The Fund could suffer substantial losses from its derivatives holdings.

### ***Forward Contracts***

The Fund may trade forward contracts in currencies on behalf of the Fund. These forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. There is no limitation on the daily price movements of forward contracts traded. In its forward trading, the Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Fund trades.

### ***Structured Investments***

The Fund may invest with Portfolio Managers through structured notes linked to the performance of a Portfolio Fund or through a swap or other contract paying a return equal to the Portfolio Fund. These types of structured investments involve many of the same risks as direct investments in Portfolio Funds. Moreover, structured investments expose the Fund to the risks associated with derivatives markets, including the risk of counterparty default and liquidity risks.

### ***Convertible Securities***

Convertible securities are stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or a different issuer within a period at a specified price or formula. Typically, the market value of a convertible security performs like that of a debt security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have a material adverse effect on the Fund's performance. Convertible securities are also subject to liquidity risk based on market conditions.

### ***Non-U.S. Investments***

The Fund may invest, directly or indirectly, in investment entities located in or managed from countries other than the United States. These investments may be subject to greater risk than domestic investments due to various political considerations, U.S. and foreign tax problems, currency controls, the fluctuation of currency exchange rates, the lack of, or different, regulations applicable to such investments as compared to U.S. investments and other factors.

The Fund may invest in securities of non-U.S. issuers. Non-U.S. investments involve certain special risks, including political or economic instability; the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation; the imposition or modification of currency controls; the imposition of withholding taxes; and different bankruptcy laws and practice. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly and are subject to less stringent and less uniform accounting, auditing and financial reporting standards.

### ***Relative Value Strategies***

The use of certain “relative value” or “market-neutral” hedging or arbitrage strategies in no respect should be taken to imply that the Fund’s investments in such strategies are without risk. Substantial losses may be recognized on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every relative value strategy involves exposure to some second-order risk of the market. Further, there are few examples of “pure” relative value managers. Many of these managers employ limited directional strategies which expose the managers to market risk.

### ***Event Strategies and Low Credit Quality Securities***

The success of event strategies depends on the successful prediction of whether various corporate events will occur or be consummated. The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors. If a proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities purchased by the Fund may decline sharply and result in losses to the Fund. In many transactions, the Fund will not be “hedged” against market fluctuations.

### ***Volatile Markets***

The prices of securities and derivative instruments, including futures and options prices, may be volatile. Price movements of securities, forward contracts, futures contracts and other derivative contracts in which the Fund may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. This intervention often is intended directly to influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund is also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

### ***Concentration***

Sirius is not required to follow any specific concentration restrictions and may at times (individually or collectively) accumulate substantial positions in one or more securities, thereby exposing the Fund to the possibility of substantial losses. With respect to the Portfolio Funds, because information regarding the actual investments made by the Portfolio Managers may be unavailable, Sirius may be unable to determine whether excessive concentration has taken place.

In addition, Sirius does not follow any formal diversification policy in allocating the Fund's assets among the Portfolio Managers. Thus, the Fund's assets may be concentrated in a single strategy or with a limited group of Portfolio Managers.

***Limited Information Regarding Portfolio Managers***

Sirius evaluates and monitors each Portfolio Manager based in part on the detailed information it receives from such Portfolio Manager regarding its historical performance and investment strategies. However, Sirius may not have access to complete information regarding a Portfolio Manager.

***Possibility of Fraud and Other Misconduct of Portfolio Managers***

When Sirius allocates assets to a Portfolio Manager, the Fund does not have custody of the assets or control over their investment by the Portfolio Manager. A Portfolio Manager could divert or abscond with the assets, fail to follow agreed upon investment strategies, provide false reports of operations or engage in other misconduct. Although most Portfolio Managers are registered with the SEC, the Portfolio Funds to which Sirius allocates Fund assets are generally conducting private offerings and have not registered their securities under federal or state securities laws.

***Changes in Portfolio Managers and Allocations***

Sirius may from time to time select new or replacement Portfolio Managers and change the percentage of assets allocated to existing Portfolio Managers. These changes will be made in Sirius' discretion, subject to the Portfolio Managers' liquidity constraints. The Fund's success will depend to a great extent on Sirius' ability to identify and allocate assets successfully among Portfolio Managers.

**Item 9. Disciplinary Information**

Sirius has no legal or disciplinary events to report that would be material to a client's evaluation of Sirius' advisory business or the integrity of its management.

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

Since the Fund invests in futures contracts, Sirius has registered as both a commodity trading adviser (CTA) and a commodity pool operator (CPO). The Fund is currently Sirius' only client. Therefore, Sirius has no conflict of interest in providing services to other clients.

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



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

Sirius has adopted a Code of Ethics predicated on the principle that Sirius owes a fiduciary duty to its clients. The following set of principles frames the professional and ethical conduct that Sirius expects from its employees:

- Act with integrity, competence, diligence and in an ethical manner with the public, clients, prospective investors, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Adhere to the fundamental standard that the employee should not take inappropriate advantage of his or her position; Comply with privacy policies designed to protect the confidential nature of investors' non-public personal information;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on himself or herself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve his or her professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

The Code of Ethics provides that Sirius employees must pre-clear any personal transactions in initial public offerings or limited offerings. In addition, unless trading pari-passu with the fund, Sirius employees must pre-clear any securities listed on our Grey List, including any derivative instrument of the referenced Grey List security.

The Code of Ethics also provides that Sirius employees are prohibited from effecting transactions on behalf of the Fund in publicly traded securities issued by companies for which Sirius possesses material non-public information.

Sirius will provide, at no cost, a copy of its Code of Ethics to its clients and prospective clients, including, as appropriate, their boards of directors or trustees. Sirius will also provide a copy of its Code of Ethics to the Fund investors upon request to our Chief Compliance Officer, who may be reached at our main office or by calling (312) 443-5240.

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

Sirius is subject to certain conflicts of interest in advising the Fund. Some of these conflicts are summarized here, but this summary does not attempt to describe all the conflicts of interest associated with an investment in the Funds. The confidential private placement memorandum for the Fund contains a more complete description of what Sirius believes to be the most significant conflicts of interest associated with an investment in the Fund but is also not an exhaustive list.

Contemporaneous Trading. It is possible that a Sirius employee may invest in the same security as the Fund.

Other Accounts of Sirius. Sirius may, in the future, organize or become involved in other business ventures, including sponsoring additional investment funds or accounts that implement investment strategies substantially similar to, or different from, that of the Fund as part of their overall strategies. The Fund will not share in the risks or rewards of such entities in such other ventures. However, such other ventures will compete for their time and attention and might create other conflicts of interest. The Agreement of the Limited Partnership does not require that Sirius or its principals devote any particular amount of time to the Fund.

Allocation of Investment Opportunities. If Sirius manages and advises other accounts in the future, it intends to allocate investments between the Fund and/or relevant accounts, on a basis that it considers to be equitable, taking into consideration factors such as the size of a portfolio, available capital, concentration of holdings, investment objectives and guidelines, the liquidity needs of the fund and relevant tax considerations. Sirius will attempt to allocate or rotate investment opportunities in a manner deemed fair and equitable, over time and in the aggregate, by Sirius and in accordance with the terms of Sirius's compliance policies and procedures.

Principal transactions. As a matter of policy, the Firm prohibits principal transactions.

Cross transactions. Since the Firm currently has only one Client (e.g., the Fund), the Firm is not able to engage in any cross transactions.

### ***C. Investing in Securities Recommended to Clients.***

The Code of Ethics is designed to ensure that our employees conduct their personal securities transactions in such a manner as to avoid putting their own personal interests ahead of our Clients and to avoid conflicts of interest. The Code requires pre-clearance of certain personal securities transactions by employees prior to execution of such transactions. Permitting employees to invest in the same securities as the Clients creates a conflict of interest, including that employees might benefit from market activity by a Client. Trading by employees is regularly monitored under the Code of Ethics.

### ***D. Conflicts of Interest Created by Contemporaneous Trading.***

As noted above, we do invest in the same securities that we recommend to clients, and we may trade such securities on or about the same time as our clients.

Conflicts of interest are created when one of our employees are trading in the same security as a Client. Client transactions will always take precedence over any Firm or employees' transactions. We have developed procedures under our Code of Ethics policies to monitor such transactions.

## **Item 12. Brokerage Practice**

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

### ***A. Best Execution and Broker Selection***

In selecting brokers, Sirius and the Portfolio Managers seek best execution, considering such factors as price, execution capabilities, reputation, infrastructure, reliability, financial resources, quality of research products or services and other value-added services. Sirius makes its broker selection without any consideration of client referrals by any brokerage firm.

Some brokers used by Sirius or the Portfolio Managers may also make cash payments to discharge the obligations of Sirius or the Portfolio Manager to third parties. Under these arrangements, Sirius or such Portfolio Manager may pay commissions to such brokers which are greater than the amount another broker might charge.

Sirius and the Portfolio Managers use a wide range of brokers and dealers, some of which may be affiliated with certain of such Portfolio Managers. Sirius does not receive any share of commissions or dealer mark-ups paid by the Fund or Portfolio Fund. However, some Portfolio Managers may have long-standing business relationships with the brokers or dealers through which they execute transactions, and Sirius may have long-standing business relationships with some Portfolio Managers selected for the Fund.

Sirius assumes no responsibility for the actions or omissions of any broker or dealer selected by Sirius in good faith, and no responsibility for the actions or omissions of any broker or dealer selected by any Portfolio Manager. Sirius has no say in the brokers selected by the Portfolio Managers.

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

If Sirius or a Portfolio Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage, research products or services and other property, products and services provided by the broker to the Fund or Portfolio Fund, Sirius or the Portfolio Manager may cause the Fund or the Portfolio Fund to pay commissions to such broker in an amount greater than the amount another broker might charge. Arrangements under which an adviser receives products or services from a broker in consideration for commissions or revenue are known as “soft dollar” arrangements.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment managers with respect to soft dollar arrangements. Conduct outside of the safe harbor afforded by Section 28(e) is subject to traditional standards of fiduciary duty under state and federal law.

In the past year, Sirius has received research reports from its brokers in exchange for Fund brokerage commissions. This benefits Sirius as it is not required to produce such research internally and at its own expense.

### ***C. Brokerage for Client Referrals.***

As stated above, Sirius makes its broker selection without any consideration of client referrals by any brokerage firm.

#### ***D. Directed Brokerage.***

Our duties as an investment advisor relate solely to our management of the Fund. As such, choice of broker is at our discretion as disclosed in the Fund's offering documentation and this Form ADV Part 2A brochure.

From time to time, we may direct brokerage to certain sell-side firms that provide us with industry research. We do not pay any additional commissions to any broker-dealers in exchange for this research. The research we receive is unsolicited. Some broker-dealers provide us with industry specific research and if we find the research useful, we may direct a portion of our transactions to these brokers. There are no limits or criteria for directing transactions. We select the brokers on their ability to provide best execution in addition to the benefits we receive.

#### ***E. Trade Errors.***

Trade Errors may occur from time to time. Trade Errors are documented and reviewed by the CCO on a case-by-case basis. Examples of Trade Errors include: (i) the placement of orders (either purchases, sales, or short sales) in excess of the amount of securities the Firm intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the short sale of a security when it should have been covered, bought, or sold; and (vi) the purchase or sale of a security contrary to regulatory restrictions or managed account guidelines or restrictions. It is the policy of the Firm to ensure that Trade Errors are corrected in an expeditious manner. Generally, any gains resulting from Trade Errors will be retained by the Fund, and any losses resulting from Trade Errors will be absorbed by the Fund.

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

#### ***A. Frequency and Nature of Review.***

The investment activity and performance of the Fund is reviewed daily by Mr. Foreman and Mr. Beatty to assess performance and consistency with investment goals. Mr. Foreman and Mr. Beatty conduct more detailed reviews of the Fund's positions monthly. The Fund undergoes an annual audit by RSM US LLP.

Lisa Liebman, Chief Financial Officer and Chief Compliance Officer, handles the book and tax accounting for the Fund and maintains capital account information for all investors.

#### ***B. Periodic Reviews***

Periodic account reviews are performed. See response to Item 13.A. above.

#### ***C. Content and Frequency of Regular Account Reports.***

Fund investors receive unaudited quarterly performance reports for the Fund, annual audited financial statements and, if applicable, annual tax reporting information. The approximate net asset value of an investment in the Fund, based on estimates received from the Portfolio Managers, is available upon request.

Investors may receive their capital account statements upon request by calling 312-443-5240.

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

We do not have any solicitation agreements in place though we may do so in the future at our sole discretion in accordance with applicable regulations.

##### ***A. Economic Benefits Received from Non-Clients for Providing Services to Clients.***

We do not accept or receive any benefits (cash or non-cash) other than our advisory fees and performance-based fees in relation to our investment advisory business.

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

We do not directly or indirectly compensate anyone or any entity for client referrals.

#### **Item 15. Custody**

Under Rule 206(4)-2 of the Advisers Act, Sirius is deemed to have custody of the securities and other assets of the Fund even though Sirius does not physically hold the securities and other assets, and they are not held or registered in Sirius' name. Rule 206(4)-2 imposes certain requirements on registered investment advisers who have actual or deemed custody of client assets, however, Sirius is exempt from many of the provisions of that rule because the Fund is audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements are distributed to each Fund investor within 180 days of the end of the Fund's fiscal year. Sirius follows the SEC and CFTC fund of funds guidelines for the distribution of audited financial statements to fund investors.

Upon final liquidation of a fund, financial statements reflecting the final audit will be distributed to all investors.

#### **Item 16. Investment Discretion**

Pursuant to the governing documents of the Fund, Sirius, as general partner, has complete investment authority with respect to all securities owned by the Fund and there are no limitations on this authority. This authority is conveyed by Fund investors subscribing to the Fund in their subscription agreements and in the Fund's governing documents.

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

### ***Policies and Procedures Relating to Our Authority to Vote Client Securities.***

Sirius has established procedures for exercising proxy voting rights as required under Rule 206(4)-6. Sirius' proxy voting policy is reasonably designed to ensure that proxies are voted in the best interests of Fund, after considering all relevant facts and circumstances at the time of the vote, and in accordance with Sirius' fiduciary duties and applicable regulations. Sirius does not consider social, political or other non-investment-related goals or interests in voting or abstaining from voting a proxy.

With respect to the Fund's allocations to Portfolio Managers, the exercise of proxy voting rights typically involves votes with respect to terms and structure changes governing the Portfolio Funds. In evaluating these proxies, Sirius considers numerous factors relating to the Fund's investment in the Portfolio Fund, which may include how the vote could affect the value of the Fund's investment in the Portfolio Fund, the liquidity of the Portfolio Fund in the overall context of the Fund's portfolio as well as in comparison to peer Portfolio Funds implementing similar strategies, and other factors that broadly relate to whether the Portfolio Fund continues to fulfill its role in the Fund's portfolio with the terms or structure changes. In voting or abstaining from voting a proxy, Sirius will act as it deems is in the best interest of the Fund, and in accordance with Sirius' proxy voting policy.

Sirius follows procedures designed to identify conflicts or potential conflicts that could arise between its own interests and those of the Fund. If it is determined that any such conflict or potential conflict is not material, Sirius may vote proxies notwithstanding the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, the Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict. If the Chief Compliance Officer determines that a material conflict of interest exists, Sirius may, at its expense, engage the services of an outside proxy voting service or consultant who will provide an independent recommendation on the direction in which Sirius should vote on the proposal. In such circumstances, the proxy voting service's or consultant's determination will be binding on Sirius. Sirius may also elect to abstain from voting if it deems such abstinence in the Fund's best interests.

Investors may request a copy of Sirius' Proxy Policy, as well as relevant proxy voting records, by contacting Sirius at (312) 443-5245.

## **Item 18. Financial Information**

Sirius is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.