

## Part 2A of Form ADV: Firm Brochure

# SABRE FUND MANAGEMENT LIMITED

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This brochure (this “**Brochure**”) provides information about the qualifications and business practices of Sabre Fund Management Limited. If you have any questions about the contents of this Brochure, please contact us at [compliance@sabrefund.com](mailto:compliance@sabrefund.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Sabre Fund Management Limited is an SEC registered investment adviser. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Currently, our Brochure may be requested by contacting our Client Relations team at [Client.relations@sabrefund.com](mailto:Client.relations@sabrefund.com). We will provide you with a copy of this Brochure at any time, without charge.

**ITEM 2 - MATERIAL CHANGES**

**N/A**

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## ITEM 4 - ADVISORY BUSINESS

### A. General Description of Advisory Firm

Sabre Fund Management Limited (“**Sabre**” or “**the firm**”) is a limited company organized under the laws of the United Kingdom. The firm was founded in November 1982 by Peter Swete and Robin Edwards. Melissa Hill and Dejan Jelicic are currently the principal owners of Sabre through their ownership of Sabre Fund Management Group Limited, which owns over 99% of Sabre. Melissa Hill and Sabre’s board of directors have the ultimate responsibility for the management, operations and the investment decisions made by Sabre.

### B. Description of Advisory Services

#### 1. **Advisory Services**

Sabre serves as the investment advisor 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**”). As used herein, the term “**Client**” generally refers to each Fund. As of the date of this Brochure, Sabre provides its advisory services to TTU-Sabre Dynamic Equity Fund, Ltd (the “**TTU Fund**”), a Cayman Islands exempted company that has U.S. investors. In addition to the TTU Fund, Sabre may provide advisory services to other Funds in the future that contain U.S. investors (such Funds, inclusive of the TTU Fund, the “**US Funds**”). Sabre also currently provides advisory services to other Funds based offshore that do not contain any U.S. investors (“**Non-US Funds**”). Because Sabre is located in the UK and has no physical U.S. presence, Sabre’s advisory services to the Non-US Funds are generally not subject to the Advisers Act. U.S. Funds and Non- U.S. Funds may employ the same or similar strategies as the TTU Fund, a customized investment program with flexible parameters to capitalize on strategic opportunities or some combination thereof.

*This Brochure generally includes information about Sabre 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. Thus, it is crucial for any investor/prospective investor in a Sabre Fund to closely review the applicable disclosure documents (e.g., a Fund’s Confidential Memorandum or similar disclosure document) with respect to, among other things, the terms, conditions and risks of investing in the particular Fund or Funds in which such investor/prospective investor is making or considering an investment.*

#### 2. **Investment Strategies and Types of Investments**

Sabre’s investment strategy is systematic and quantitative in nature but based on fundamentals. Sabre’s model is market neutral and exploits equity style premia by applying a number of statistical analysis techniques.

The strategy intends to profit from equity style factor premia and uses a sophisticated, dynamic portfolio construction process.

Sabre constructs its own set of market neutral style factor indices from 40+ factors that are then combined together to optimize the return stream from investing across all of the factors. The aim is twofold: to diversify exposure across the factors and have the mix dynamically tilted towards those that the market is best rewarding at any given time.

Returns are then boosted by the addition of two directional components. The first of these is the addition of directional beta arbitrage factors to benefit from the low beta factor premium. The second directional component involves taking modest, variable, market directional exposure to exploit differences in alpha on the long and short sides as well as benefit, in a risk-controlled way, from the long run positive equity risk premium.

The strategy invests in 100% total return swaps (large-cap and mid-cap liquid equities underlying). The strategy is predominantly invested in large or upper mid cap European equities. The strategy has modest US market exposure in addition, to enhance its Sharpe ratio.

*The descriptions set forth in this Brochure of specific advisory services that Sabre offers to Clients, and investment strategies pursued and investments made by Sabre on behalf of its Clients, should not be understood to limit in any way Sabre's investment activities. Sabre may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Sabre considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies Sabre pursues on behalf of its Clients 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.*

**C. Tailored Advisory Services**

Sabre may permit a Client to have an investment mandate that provides for, among other things, investment guidelines and concentration limits. Sabre will seek to adhere to any such mandate in accordance with the objectives, guidelines, limitations, terms and any other instructions in connection therewith.

**D. Wrap Fee Programs**

N/A

**E. Assets Under Management**

As of March 31, 2018, Sabre managed approximately \$156,900,000 on a discretionary basis, which amount reflects regulatory assets under management. Sabre does not manage any regulatory assets on a non-discretionary basis as of the date of this Brochure.

## 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 relevant Confidential Memorandum or similar documents, any applicable supplement thereto and/or the Fund's governing documents. Sabre's compensation may differ among and within Clients based upon multiple factors including, without limitation, the complexity of the investment vehicle, account size and other terms of the Client's share classes.

Although a brief summary of certain Fund fees is provided below, please note that such brief summary is not a substitute for the detailed terms provided in each Fund's applicable Confidential Memorandum, any supplement thereto and/or governing documents. Fund investors/prospective investors are thus strongly urged to closely review such documents for information with respect to management fee and performance compensation terms.

**1. Management Fees:** Any management fees paid by Clients are set forth in detail in each Fund's relevant Confidential Memorandum, any applicable supplement thereto and/or the Fund's governing documents. Such management fees may differ among and within Clients. Thus, although the following is a summary of management fees that investors in the TTU Fund will generally bear, it is not an exhaustive or complete list with respect to all Clients. Investors and prospective investors should therefore review the relevant Fund's definitive documents carefully because such documents, and not this Brochure summary, describe the management fees an investor in a particular Fund or class thereof may bear.

The TTU Fund pays Sabre a management fee equal to 1/12 of 1 percent per month of the TTU Fund's total trading assets (before deduction of that month's management fee and before deduction for any accrued incentive fee) (the "**Management Fee**"). The Management Fee is calculated and paid monthly in arrears as soon as is reasonably practicable after the calculation is complete. Sabre may waive or reduce Management Fees in respect of individual investors. No such waiver or reduction will entitle any other investor to a waiver or reduction.

**2. Incentive Fees:** Any incentive compensation paid by Clients is set forth in detail in each Fund's relevant Confidential Memorandum, any applicable supplement thereto and/or the Fund's governing documents. Such incentive fees may differ among and within Clients. Thus, although the following is a summary of incentive fees that investors in the TTU Fund will generally bear, it is not an exhaustive or complete list with respect to all Clients. Investors and prospective investors should therefore review the relevant Fund's definitive documents carefully because such documents, and not this Brochure summary, describe the incentive fees an investor in a particular Fund or class thereof may bear.

The TTU Fund pays Sabre a quarterly incentive fee equal to 15 percent of the increase in the total trading assets value of the TTU Fund prior to incentive fees and payable quarterly (the "**Incentive Fee**"). The Incentive Fee is calculated by reference to and payable only on increases in the TTU Fund's total trading assets in excess of an annual hurdle rate of 5% (i.e., [no performance fee shall be payable until the TTU Fund's total trading asset value is 5% greater than the value as of December 31 of the prior calendar year]). In the event that the TTU Fund

experiences trading losses in any quarter, any Incentive Fees paid in respect of previous quarters shall be retained but no further Incentive Fees shall be payable until the TTU Fund achieves a higher quarter-end total trading asset value than the annual hurdle rate. Sabre may waive or rebate Incentive Fees in respect of individual investors. No such waiver or rebate will entitle any other investor to a waiver or rebate.

#### **B. Deduction of Fees**

Management Fees and Incentive Fees paid to Sabre by the TTU Fund are generally deducted by the TTU Fund's administrators from the assets of the TTU Fund.

#### **C. Additional Fees and Expenses**

The expenses paid by Clients are set forth in detail in each Fund's relevant Confidential Memorandum, any applicable supplement thereto and/or the Fund's governing documents. Such expenses may differ among and within Clients. Thus, although the following is a summary of expenses investors in the TTU Fund will generally bear, it is not an exhaustive or complete list with respect to all Clients. Investors and prospective investors should therefore review the relevant Fund's definitive documents carefully because such documents, and not this Brochure summary, describe the expenses an investor in a particular Fund or class thereof may bear.

Sabre will be responsible for its own expenses with respect to its services to the TTU Fund, including the fees and expenses of any sub-investment adviser appointed by Sabre, or any person to whom Sabre's functions and duties are delegated. The TTU Fund will reimburse Sabre for any pre-approved legal fees and expenses incurred by Sabre in connection with its services and such other expenses as are agreed upon in writing between the TTU Fund and Sabre. The TTU Fund shall bear its own expenses which may include, without limitation, investment-related expenses (e.g., brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses) and other trading-related expenses; investment-related research; professional fees (including, without limitation, expenses of consultants and experts); administrative expenses; accounting expenses; operating expenses (e.g., trade clearance and settlement, corporate action processing, trade confirmation, pricing services, portfolio management reporting software and reconciliation); legal expenses; auditing and tax preparation expenses; costs of printing and mailing reports and notices; reasonable travel and travel-related expenses incurred in connection with the TTU Fund; interest on balances due and any other fees and charges of prime brokers, financial counterparties, banks and custodians; any taxes and other governmental charges and duties imposed on or payable by the TTU Fund; organizational expenses; corporate licensing; governmental fees and regulatory expenses (including filing fees); assignment fees; expenses incurred in connection with the offering and sale of shares and other similar expenses related to the TTU Fund; premiums for liability insurance covering the TTU Fund's directors (if any), Sabre and its partners, directors, officers, employees and agents; any fees and expenses associated with the organization and conduct of any board of directors' and any shareholders' meetings; any fees and expenses associated with maintaining the TTU Fund's registered office; litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the TTU Fund's business; the Management Fee and Incentive Fee; and other expenses related to the TTU Fund as determined in sole discretion of Sabre or the board of directors (if any), as applicable.



*Clients should refer to each Client's applicable Confidential Memorandum and any supplement thereto, subscription agreements, investment management agreements and/or other offering documents for additional/supplementary information regarding the applicable Client as well as the fees and expenses paid by the Client.*

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

Sabre accepts performance-based fees, such as the Incentive Fee, from certain Clients, including the TTU Fund. The Incentive Fee is based upon net realized and unrealized appreciation attributable to the assets of a Client. Such compensation arrangement may create an incentive for Sabre to make investments that are riskier or more speculative than would be the case if such compensation arrangement were not in effect. In addition, since the performance-based fees are calculated on a basis which includes unrealized appreciation of the Client's assets, it may be greater than if such compensation were based solely on realized gains.

Additionally, performance-based fees may not be charged (or charged in the same amount) for all Clients (or classes within Clients). The variation of performance compensation structures among and within Clients may create an incentive for Sabre to direct the best investment ideas to, or to allocate or sequence trades in favor of, Clients that pay or allocate performance compensation (or pay or allocate a higher performance compensation than a Client that is subject to a lower performance compensation). Item 5 describes the performance-based compensation charged by Sabre generally, and detailed information with respect to such Sabre compensation is set forth in more detail in the applicable Confidential Memorandum, any supplement thereto and/or the governing documents.

Sabre is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above in this Item 6. Item 12B further describes Sabre's allocation practices.

## **ITEM 7 - TYPES OF CLIENTS**

Sabre provides investment advice to privately offered Funds that are formed for the purpose of investment and, with respect to U.S. Funds, are exempt from registration as investment companies pursuant to either Section 3(c)(1) or Section 3(c)(7) of the Company Act.

The minimum initial investment amount in the U.S. Funds generally ranges from \$250,000 to \$1 million. Exceptions to such minimum investment requirements may generally be made at the sole discretion of Sabre and/or the boards of directors of certain Funds to the extent permitted under applicable law. Additionally, Sabre requires that all U.S. investors in Sabre Funds be “accredited investors” and “qualified purchasers” or “knowledgeable employees,” as well as “qualified clients”, as each is defined under U.S. federal securities laws.

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## **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 Sabre offers to Clients, and investment strategies pursued and investments made by Sabre on behalf of its Clients, should not be understood to limit in any way Sabre's investment activities. Sabre may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Sabre considers appropriate, subject to each Client's investment objectives and guidelines.

The investment strategies Sabre pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial and/or total loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Sabre's investment strategy is quantitative in nature and based on a proprietary model that has been built using the advanced quantitative analysis of publicly available financial data. Historical performance trends and characteristics "styles" have been and continue to be analyzed by our investment team, and based on this analysis, the model generates buy/sell trading signals for individual equities based on the historic performance of these styles.

"Quant fund" programming and quantitative algorithms depend on the analysis of thousands of trading signals ranging from economic data points to trending global asset values and real time company news. The development of the Sabre investment model is iterative in nature.

Sabre utilizes technical analysis techniques in formulating advice and managing assets for Clients.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest, can help predict future (usually short term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Sources of information that Sabre uses include:

- ☐ Financial newspapers and magazines
- ☐ Research materials prepared by others
- ☐ Corporate rating services
- ☐ Market data

Investment strategies used to implement investment advice given to Clients include (as applicable depending on each Client's investment objective):

- ☐ Long-term purchases (securities held at least a year)
- ☐ Short-term purchases (securities sold within a year)

- ☐ Trading (securities sold within 30 days)
- ☐ Short sales
- ☐ Margin transactions
- ☐ Use of bank loans
- ☐ Derivative transactions

**B. Material, Significant or Unusual Risks Relating to Investment Strategies and Types of Securities**

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 Sabre. These risk factors include only certain of those risks Sabre believes to be material, significant or unusual and relate to particular significant investment strategies (and the types of securities and instruments used to implement those strategies) and methods of analysis employed by Sabre.

Specifically, as Clients managed by Sabre generally may invest in financial equities through the use of total return swaps. All such Funds have substantially similar general risks with respect to a particular class of financial instruments. Thus, there are no distinctions made below with respect to the applicability of these general risks to a particular type of Client. Investors and potential investors in Clients are cautioned that it is crucial to review the risk factors set forth in the applicable Client's Confidential Memorandum or similar disclosure, any applicable supplement thereto and/or governing documents, because such risk factors are tailored for risks applicable to the specific Client.

**Relative Value.** To the extent Sabre implements such strategy, the success of the relative value investment strategy will depend on Sabre's ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such discrepancies involve uncertainty. There can be no assurance that Sabre will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. A reduction in the pricing inefficiency of the markets in which Sabre may seek to invest will reduce the scope for the Clients' investment strategies. In the event that the perceived mispricings underlying the Clients' positions were to fail to converge toward, or were to diverge further from, relationships expected by Sabre, the Clients may incur losses. A relative value investment strategy may result in high portfolio turnover and, consequently, high transaction costs. In addition, a relative value strategy is designed to be uncorrelated with respect to the movements in equity markets and risk-free interest rates. Depending upon the investment strategies employed and market conditions, unforeseen events involving such matters as political crises, or changes in currency exchange rates or interest rates, forced redemptions of securities, or general lack of market liquidity may have a material adverse effect on such strategy.

**"Market Neutral" Strategies.** A portfolio manager that uses "market neutral" trading strategies generally does not make trades which it considers to constitute directional "bets" on absolute price movements. Instead, it attempts to exploit relative mispricings among interrelated instruments (securities/securities; securities/derivatives; securities/futures; derivatives/futures and futures/futures). Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for the portfolio manager to maintain a position. Even pure arbitrage positions can result in significant losses if a portfolio investment

is not able to maintain both sides of the position until expiration/maturity. A portfolio investment may trade at a high degree of leverage and could be forced to liquidate positions prematurely in order to meet margin calls, causing an otherwise “pure” arbitrage position to result in major losses.

**Swap Agreements.** Sabre may enter into swap agreements and options on swap agreements (“swaptions”). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Sabre, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Clients’ exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Sabre is not limited to any particular form of swap agreement if consistent with the investment objectives of the relevant Client.

Whether Sabre’s use of swap agreements or swaptions will be successful will depend on its ability to select appropriate transactions for the Clients. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Clients’ portfolios. Moreover, the Clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. If a counterparty were to become insolvent, the Clients bear the risk that it may not receive the return of its posted collateral or that the collateral may take some time to return. The Clients will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Clients to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Clients’ ability to terminate existing swap transactions or to realize amounts to be received under such transactions. In addition, various regulatory initiatives underway now require certain derivatives to be cleared through a clearinghouse. Risks associated with clearinghouses include decreased availability of customizable derivatives in over-the-counter market, more onerous and frequent margin calls, dynamic margin requirements (i.e., fluctuating margin requirements) and systemic risk from the potential failure of a clearinghouse.

**Equity Price Risk.** The Clients’ investment portfolios may include long and short positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by Sabre.

**IPO Securities.** Sabre may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies and, thus, for the value of the Clients’ interests. The limited number of shares available for trading in some initial public offerings may make it more difficult for Sabre

to buy or sell a significant number of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

**Small - and Medium -Capitalization Companies.** Sabre may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalizations. While Sabre believes they often provide significant potential for appreciation, such securities, particularly of companies having small capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalization and even medium -capitalization companies are often more volatile than prices of securities of large-capitalization companies and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid. The securities of less seasoned and smaller-capitalized companies are often traded in the over-the-counter market and have fewer market makers and wider price spreads, which may in turn result in more abrupt and erratic price movements and make the Clients’ investments more vulnerable to adverse general market or economic developments than would investments in large, more established companies. It is more difficult to obtain information about less seasoned and smaller-capitalized companies because they tend to be less well known and have shorter operating histories and because they tend not to have significant ownership by large investors or be followed by many securities analysts. Additionally, these companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group that may lack depth and experience. Investments in larger and more established companies present certain advantages in that such companies generally have greater financial resources, more extensive research and development, manufacturing, marketing and service capabilities, more stability and greater depth of management and technical personnel.

**Position Limits.** Position limits imposed by various regulators may also limit Sabre’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 financial instrument. 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. Thus, even if Sabre does not intend to exceed applicable position limits, it is possible that different accounts managed by Sabre or its affiliates may be aggregated. If at any time positions managed by Sabre were to exceed applicable position limits, Sabre would be required to liquidate positions, which might include positions of the Clients, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, Sabre might have to forego or modify certain of its contemplated trades.

**Short Selling.** Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which Sabre engages in short sales will depend upon investment

strategies and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Client of buying those securities to cover the short position. There can be no assurance that Sabre will be able to maintain the ability to borrow securities sold short. In such cases, the Client can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Hedging Transactions.** Sabre 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 Clients’ investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Clients’ unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Clients’ portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients’ liabilities or assets; (vii) protect against any increase in the price of any securities Sabre anticipates purchasing at a later date; or (viii) act for any other reason that Sabre deems appropriate. Sabre will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While Sabre may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if Sabre had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolios will always be exposed to certain risks that may not be hedged.

**Risks of Investments in Securities Generally.** All securities investments risk the loss of capital. No guarantee or representation is made that Sabre’s investment programs will be successful. The investment programs are expected to involve, without limitation, risks associated with possible limited diversification, leverage, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in Sabre’s activities. Certain investment techniques which may be used by Sabre can, in certain circumstances, magnify the impact of adverse market moves to which the Clients may be subject. In addition, Sabre’s investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where Sabre may invest the Clients’ assets.

Sabre’s methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

**Volatility Risk.** Sabre’s investment programs may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying financial instruments. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Clients. In addition, many non-U.S.



financial markets are not as developed or as efficient as those in the U.S., and as a result, price volatility may be higher for the Clients' investments in such markets.

**Liquidity Risks.** Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of the Clients' relatively liquid portfolio positions may be reduced. During such times, Sabre may be unable to dispose of certain assets, which would adversely affect the Clients' ability to rebalance their portfolios or to meet any permitted redemption requests, as applicable. In addition, such circumstances may force Sabre to dispose of assets at reduced prices, thereby adversely affecting the Clients' performance. If there are other market participants seeking to dispose of similar assets at the same time, Sabre may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Clients incur substantial trading losses, the need for liquidity could rise sharply while their access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Clients' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Clients' credit risks to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, liquidity may be reduced for the Client's investments in such markets.

**Global Investments; Emerging Markets.** Sabre may invest a portion of the Clients' assets in the equity, debt or other securities and instruments of issuers located outside the U.S., including securities of non-U.S. corporations which are traded in non-U.S. markets. Such investments 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, and confiscatory taxation; the potential difficulty of repatriating funds and the ability to exchange local currencies for U.S. dollars; general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; 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; greater volatility, less liquidity and smaller capitalization of markets; greater controls on foreign investment and limitations on realization of investments; increased likelihood of governmental involvement in and control over the economy; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Sabre'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 may be 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., and less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors. 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.

**Exchange Rate Exposure.** Sabre may invest a portion of the Clients' assets in the securities of non-U.S. issuers listed on foreign exchanges and denominated in non-U.S. currencies. The Clients, however, value their securities and other assets in U.S. dollars. Sabre generally has the authority to hedge non-U.S. dollar positions through currency hedging

transactions. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when Sabre wishes to use them, or that hedging techniques employed by Sabre will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Clients' positions in non-U.S. investments will fluctuate with the U.S. dollar exchange rate. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Clients hold investments will reduce the value of these foreign investments, which may result in a loss to the Clients.

**Debt Securities Generally.** Sabre may invest in private and government debt securities and instruments. Debt instruments in which Sabre invests may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Derivative Investments.** Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. The prices of derivative instruments, including futures, swaps, options and credit derivatives, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements 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 national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the securities underlying them. In addition, the Clients' assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

Sabre may buy or sell (write) both call options and put options, and when they write options, they may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. Sabre's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Clients have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions Sabre may enter into, the principal risks involved in options trading can be described as follows: when Sabre buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Clients' investments in the option (including commissions). Sabre could mitigate those losses by selling short, or buying puts on, the securities for which they hold call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When Sabre sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Clients would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Clients might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Sabre may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objectives and legally permissible. Special risks may apply to instruments that are invested in by Sabre in the future that cannot be determined at this time or until such instruments are developed or invested in by Sabre.

**Forward Trading.** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

**Variable and Floating Rate Securities.** In addition to traditional fixed-rate securities, Sabre may invest in debt securities with variable or floating rate interest or dividend payments. Variable or floating rate securities bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest. Variable or floating rate securities allow the Clients to participate in increases in interest rates through upward adjustments of the coupon

rates on such securities. However, during periods of increasing interest rates, changes in the coupon rates may lag the change in market rates or may have limits on the maximum increase in coupon rates. Alternatively, during periods of declining interest rates, the coupon rates on such securities readjust downward resulting in a lower yield.

Sabre also may invest in derivative variable rate securities, such as inverse floaters whose rates vary inversely with market rates of interest, or range floaters or capped floaters, whose rates are subject to periodic or lifetime caps, or in securities that pay a rate of interest determined by applying a multiple to the variable rate. Investment in such securities involves special risks as compared to a fixed-rate security. The extent of increases and decreases in the value of derivative variable rate securities and the corresponding change to the net asset value of the Clients in response to changes in market rates of interest generally will be larger than comparable changes in the value of an equal principal amount of a fixed-rate security having similar credit quality, redemption provisions and maturity. The markets for such securities may be less developed and have less liquidity than the markets for conventional securities.

**Commercial Paper.** Sabre may invest in commercial paper, which represents short-term unsecured promissory notes issued by banks or bank holding companies, corporations, finance companies, state and local governments, and by public authorities, agencies and instrumentalities.

**Repurchase and Reverse Repurchase Agreements.** Sabre may enter into repurchase and reverse repurchase agreements. When Sabre enters into a repurchase agreement, it “sells” securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, Sabre “buys” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by Sabre, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by Sabre involves certain risks. For example, if the seller of securities to Sabre under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, Sabre will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Sabre’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that Sabre may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Clients may suffer a loss to the extent that Sabre is forced to liquidate the positions in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

**“When-Issued” and “Forward Delivery” Securities.** To secure prices or yields deemed advantageous at a particular time, Sabre may purchase securities on a “when-issued” or on a “forward delivery” basis. In these cases, delivery of the securities will occur beyond the normal settlement period. When-issued securities purchased by Sabre may include securities purchased on a “when, as and if issued” basis under which the issuance of the securities depends on the

occurrence of a subsequent event, such as approval of a merger, corporate reorganization or debt restructuring.

Securities purchased on a when-issued or forward delivery basis may expose the Clients to risk because the securities may experience fluctuations in value prior to their actual delivery. Clients will not accrue income with respect to a when-issued or forward delivery security prior to its stated delivery date. Purchasing securities on a when-issued or forward delivery basis can involve the additional risk that the yield available in the market when the delivery takes place may be higher than that obtained in the transaction itself. Further, in such transactions, Sabre will rely on the other party to consummate the trade. Failure of the seller to do so may result in the Clients incurring a loss or missing an opportunity to obtain a price considered to be advantageous.

**Leverage and Financing Risk.** Sabre may leverage Clients' capital to the extent permitted under the relevant Client's governing documents/guidelines because Sabre believes that the use of leverage may enable certain Clients to achieve a higher rate of return.

Accordingly, leverage may take the form of trading on margin, repurchase financings, total rate of return swaps, loans or other instruments Sabre deems appropriate. The amount of leverage which such Clients' may have outstanding at any time may be substantial in relation to their capital.

While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by Sabre in a market that moves adversely to levered Clients' investments could result in a substantial loss to those Clients which would be greater than if such Clients were not leveraged.

Sabre will borrow funds to increase buying power and potential returns to applicable Clients. Although leverage will increase the investment return of such Clients if an investment purchased with borrowed funds earns a greater return than the amount that such Clients are charged for the use of those funds, the use of leverage will decrease the investment return if such Clients fail to earn as much on investments purchased with borrowed funds as they are charged for the use of those funds. The use of leverage will also allow Sabre to borrow in order to make additional investments, thereby increasing the affected Clients' exposure to assets, such that their total assets are greater than their net asset value. The use of leverage will, therefore, magnify the volatility of changes in the value of the investments of such Clients.

Borrowings by Sabre may be secured by the applicable Client's portfolio. Under certain circumstances pursuant to the conditions of a loan, the Clients may be required to liquidate all or a portion of their investments to pay off the loan. Liquidation under those circumstances could have adverse consequences. Funds borrowed for leveraging will be subject to interest costs that may or may not be recovered by the return on the Clients' portfolios.

Sabre's participation in some investments may involve significant leverage. Additionally, in some investments, it is anticipated that Sabre would retain either the most or one of the most

subordinate tranches of an issuer's securities, which is the most leveraged investment in the issuer's structure.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the applicable Clients. For example, should the securities pledged to brokers to secure a Client's margin account declines in value, the Client could be subject to a "margin call," pursuant to which the Client must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of such Client's assets, the Client might not be able to liquidate assets quickly enough to satisfy its margin requirements.

**Limitations Due to Regulatory Restrictions.** Sabre may seek to acquire a significant stake in certain financial instruments. In the event such stake exceeds certain percentage or value limits, the Clients may be required to file a notification with one or more governmental agencies or comply with other regulatory requirements. Certain notice filings are subject to review that requires a delay in the acquisition of the financial instrument. Compliance with such filing and other requirements may result in additional costs to the Clients, and may delay the Clients' ability to respond in a timely manner to changes in the markets with respect to such financial instruments.

**Taxes and Derivatives.** The regulatory and tax environment globally for derivative instruments in which Sabre may participate is evolving, and changes in the regulation or taxation of such investments may materially adversely affect the value of such investments and the ability of Sabre to pursue its investment strategies.

**Futures Contracts.** The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which Sabre's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Sabre from promptly liquidating unfavorable positions and subject the Clients to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

**Illiquid Portfolio Investments.** Sabre may make investments in securities or other assets, such as bank loans, that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and

may not be readily ascertainable, and Sabre may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted securities and illiquid investments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Sabre may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities and other types of illiquid assets may sell at a price lower than similar investments that are not subject to restrictions on resale.

Assets and liabilities for which no such market prices are available will generally be carried on the books of the Clients at fair value (which may be cost) as reasonably determined by Sabre. There is no guarantee that fair value will represent the value that will be realized by the Clients on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Sabre has not had any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its business or the integrity of its management.

CONFIDENTIAL



## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### **A. Broker-Dealer, Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status**

Sabre is not registered, and does not have an application pending to register, as a securities broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person thereof.

### **B. Material Relationships or Arrangements with Industry Participants**

Sabre has sponsored a number of Funds that Sabre manages. Most of the Funds do not have fully independent boards of directors. In addition, Sabre has negotiated the investment management agreements or similar agreements for the Funds. However, the material terms of the applicable investment management arrangements are fully disclosed to all investors in the Fund prior to their investment. Sabre's investment professionals participate in managing the portfolios of more than one Client. As a result, they may not be able to devote their exclusive attention to any single Client.

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

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

Sabre has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). The Code incorporates the general principle that Sabre partners, officers and employees (“**personnel**”) are under a duty at all times to place the interests of Sabre’s Clients first and foremost. The Code also includes specific policies and procedures that are designed to address actual or potential conflicts of interest with Sabre’s Clients and are consistent with Sabre’s fiduciary duty to its Clients. As part of the policies and procedures, Sabre imposes pre-clearance procedures on certain securities transactions for personnel in certain personal accounts. Sabre requires its personnel to disclose certain private securities transactions and holdings initially upon becoming associated with Sabre and annually thereafter.

Subject to the Code, Sabre and Sabre’s personnel may invest on behalf of themselves through their own accounts in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of Sabre’s Clients. Sabre and Sabre’s personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given to or action taken for Clients. Sabre and Sabre’s personnel may also have ongoing relationships with companies whose securities are in or are being considered for the portfolios of Sabre’s Clients. Sabre has established policies and procedures to monitor and address conflicts and will endeavor to address conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

The Code also includes informational wall and insider trading prevention policies and procedures (the “**Insider Trading Prevention Policies**”) that are designed to prevent the misuse of material non-public information. Sabre personnel are required to certify to their compliance with the Code, including the Insider Trading Prevention Policies, on an annual basis. Upon written request, investors or prospective investors of the Clients may obtain a copy of Sabre’s Code by contacting Sabre’s Compliance department.

### **B. Securities in which Sabre or a Related Person Has a Material Financial Interest**

#### **1. Cross Trades**

From time to time, subject to Client or investment guidelines and restrictions, Sabre may direct one Client account to sell investments to another Client account through an internal cross transaction in which Sabre will receive no compensation. Such cross transactions generally will be made without brokerage commissions being charged. When effecting cross transactions between clients, Sabre will have potentially conflicting division of loyalties and responsibilities with respect to each participating client. In most cases an independent pricing mechanism (for example, the last sales price on the exchange where the security is primarily traded as of the close of business) will be used to ensure objectivity. However, there could be times in which that

pricing mechanism is not feasible or fair to the Clients, and a different type of pricing mechanism may be utilized (e.g., volume weighted average price) based upon the principles of fairness to both Clients.

## **2. Principal Transactions**

To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client account by Sabre and its personnel, Sabre will comply with the requirements of Section 206(3) of the Advisers Act and provide written notification to the Client and obtain Client consent either prior to the cross transaction or prior to its settlement.

### **C. Investing in Securities that Sabre or a Related Person Recommends to Clients and Other Potential Conflicts**

Sabre may from time to time invest its own excess funds in securities or instruments in which Sabre may invest its Clients' assets. Similarly, Sabre's personnel may from time to time make personal investments in securities or instruments in which Sabre invests its Clients' assets. Sabre and its personnel may buy, sell or hold securities or other instruments for its own or their own accounts while entering into different investment decisions for one or more Client accounts. The Code addresses the possible conflicts arising out of personal trading of Sabre personnel by, among other things, requiring Sabre personnel to pre-clear securities transactions and generally imposing a holding period on securities purchased by such personnel.

The above-referenced personal trading policies and procedures seek to address the risk that personal trading activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Client. Potential conflicts also may arise due to the facts that:

- ☐ Sabre and its personnel may have investments in some Clients but not in others or may have different levels of investments in the various Clients; and
- ☐ Clients may pay different levels of fees to Sabre.

In addition, Sabre may give advice or take action with respect to the investments of one or more Client accounts that may not be given or taken with respect to other Client accounts with similar investment programs, objectives and strategies. Accordingly, Client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. Sabre also may advise Client accounts with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Client accounts.

Sabre's personnel or affiliates may also have ongoing relationships with companies whose securities are in or are being considered for the portfolios of Sabre's Clients. To address this fact, Sabre personnel are required to disclose to the Sabre Compliance department certain relationships (e.g., directorships, family members that work in the financial services industry). As a result of such policies and procedures these potential conflicts can be considered prior to making an investment or other decision for a Client that may be affected by any such relationship.

## **ITEM 12 - BROKERAGE PRACTICES**

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

In selecting brokers and dealers to effect transactions for its Clients, Sabre considers such factors as the ability of the brokers or dealers to effect the transactions, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to Sabre and brokerage and research services provided to Sabre (e.g., research ideas, analysis, investment strategies, special execution and block positioning capabilities, clearance and settlement and custodial services). Sabre does not need to solicit competitive bids and does not have an obligation to seek the lowest available commission or other transaction cost. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to the Clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such products and services.

Brokers may provide Sabre with capital introduction, marketing assistance, consulting with respect to technology, operations, equipment, commitment of capital, access to company management and access to deal flow. Neither Sabre nor its Clients will separately compensate any broker for any of these services. Sabre has adopted policies and procedures that seek to identify and prevent the provision of such services from improperly influencing the selection of brokers.

#### **1. Research and Other Soft Dollar Usage; Broker Considerations**

Brokers sometimes suggest a level of business they would like to receive in return for the various brokerage and research services they provide. Actual brokerage business received by any broker may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing brokerage or research services. Instead, brokers are selected on a best execution basis.

Sabre notes that if it were to use Client brokerage commissions to obtain products or services that are not Fund expenses, Sabre would obtain a benefit because it would not have to pay for such services. As a result, in such circumstances, Sabre would have an incentive to select or recommend a broker based on its own interest in receiving research or other products and services, rather than selecting brokers based on the Client's interest in receiving best execution.

The investment programs of Sabre's Clients emphasize active management of the Clients' portfolios. As a result, portfolio turnover and brokerage commission expenses may exceed those of other investment entities of comparable size.

Sabre receives a wide range of research and brokerage services from broker-dealers and from other third-party research providers. These research and brokerage services can include broker research reports, other written research reports, models, meetings with research analysts, and other research-related meetings. Brokers also assist Sabre with the acquisition of research from third-parties, such as providers of market data services, with whom Sabre does not effect

transactions (“**third-party research services**”). Sabre obtains third-party research services by establishing research payment accounts (“**Research Payment Accounts**”) with third party account providers that manage the Research Payment Accounts on Sabre’s behalf (the “**RPA Account Providers**”). The broker-dealers surrender the soft dollars to the RPA Account Providers. Payments may then be made from the Research Payment Accounts to the broker-dealers and to other third-party research providers. Soft dollars are segregated from the broker-dealers via use of the Research Payment Accounts and once collected, the soft-dollars are not retained by the broker-dealers.

Sabre has implemented controls designed to ensure that the research services it acquires under the foregoing arrangements are compliant with Section 28(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Section 28(e) provides a safe harbor that protects investment advisers from liability for a breach of fiduciary duty solely due to the fact it decided to pay more than the lowest available commission rate to a broker-dealer. Among other things, Sabre’s controls are designed to confirm that Sabre complies with its duty to seek best execution of Client transactions under the circumstances. They also are intended to help Sabre comply with Section 28(e)’s requirements that the research or brokerage services obtained with Client commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the Client commission is reasonable in relation to the value of the products or services provided by the broker-dealer. Research services furnished by brokers and third-party providers complement Sabre’s in-house research and help Sabre’s portfolio management teams implement their investment management responsibilities for various Client accounts and funds. Sabre believes that these services benefit its firm-wide investment processes, which in turn benefit Sabre’s Clients. However, Sabre notes that when it receives research services as a result of Client brokerage commissions, Sabre receives a benefit since it is not paying for such services from its own resources or producing such research on its own. Additionally, Sabre has an incentive to select a broker-dealer based on such receipt of research or other services rather than the ability to provide most favorable execution. Sabre’s controls are designed to address potential conflicts of interest related to these arrangements. Prior to the acceptance of a new third-party research provider which will be paid out of soft dollars, Sabre’s equity investment professionals participate in a review designed to assess the quality and value of the research services that brokers and other firms provide to Sabre. The results of the review help determine which research providers will receive payments from the Research Payment Accounts. When acquiring a third-party research service, Sabre establishes what it believes is a fair value for such service and causes the RPA Account Provider to compensate the service provider based upon that value. In many cases, that value assigned to a research service is based upon an invoice from the third-party provider. Certain third-party research services, such as portfolio market data and market data analysis services, may benefit both an investment process and other activities at Sabre. In those cases, the third-party research service is paid in part by Sabre (using its own funds) and in part from the Research Payment Accounts, based upon allocations that Sabre determines in good faith and consistent with Section 28(e).

Since Sabre is domiciled in the UK, as of January 3, 2018, its Clients are generally considered to be in scope of the Markets in Financial Instruments Directive 2 (“**MiFID 2**”). MiFID 2 generally reduces the ability for investment advisers in the UK to utilize soft dollar payments in their investment research activities. However, Sabre intends to ensure that its soft

dollar activity relating to US Funds fully comply with MiFID 2, Section 28(e) and the associated “no-action” relief issued by the SEC.

As a result of MiFID 2, Sabre will look to assign a value to certain broker provided research services, but those efforts may not produce precise “prices” for every individual broker research service acquired through Section 28(e) commission arrangements. Although some Clients of Sabre do not generate commission credits used to acquire research under Section 28(e), the Sabre investment personnel providing services to those Clients and, by extension, those Clients, benefit from the research and third-party research services acquired through commissions generated by other Clients’ transactions. Conversely, Clients of Sabre who generate commission credits used to acquire research under Section 28(e), may not necessarily benefit from all of the research and third-party research services acquired through such commission credits. Sabre is able to trace the commissions generated by a particular Client’s account to the acquisition of a particular research service via the Research Payment Account, and Sabre believes that its Clients as a whole benefit when its investment personnel have access to these services.

## **2. Brokerage for Client Referrals**

Neither Sabre nor any related person receives Client referrals from any broker-dealer or third party that provides brokerage services to the Funds. Sabre personnel, however, will from time to time speak at or participate in conferences and programs sponsored by prime brokers and attended by persons and entities interested in investing in hedge funds. These conferences and programs may be a means by which Sabre can be introduced to potential investors in its Clients. The prime brokers are not compensated by Sabre, Sabre’s Clients, or potential investors for providing such capital introduction opportunities. Such capital introduction services may assist Sabre in raising Client capital and thus poses a potential conflict of interest in that Sabre would have an incentive to select or recommend a broker based on its own interest in receiving capital introduction services, rather than selecting brokers based on the Client’s interest in receiving best execution.

Sabre may utilize capital introduction and marketing assistance provided by broker-dealers for the Funds subject to its obligation to allocate brokerage to those providers on the basis of best execution. Sabre has adopted policies and procedures that seek to ensure that Sabre remain vigilant about not acting on this potential conflict of interest when selecting what brokers to use to execute Client transactions.

## **3. Directed Brokerage**

Currently, there are no directed brokerage arrangements in place between Sabre and its US Clients. In the future, a Client may be permitted (in Sabre’s discretion) to designate a particular broker-dealer to effect transactions. If this occurs, Sabre’s ability to obtain best execution may be impaired and the Client may not obtain best execution. In addition, Clients that designate a particular broker-dealer may not receive efficiencies that are available to other Clients (including Funds) that participate in an aggregated trade. Orders directed to a particular broker-dealer shall be entered after Sabre places its orders for Clients who have not designated a



particular broker-dealer, and Sabre assumes no responsibility for any adverse consequences that may occur as a result from the use of a designated broker-dealer.

**B. Order Aggregation**

It Sabre's policy to allocate investment opportunities to its Clients fairly and equitably, to the extent practicable, over a period of time. Sabre will have no obligation to purchase, sell or exchange any security or financial instrument for any Client which Sabre may purchase, sell or exchange for another Client if Sabre believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Client. If it is determined by Sabre that it would be appropriate for more than one Client to participate in an investment opportunity, Sabre will seek to execute orders for all such participating Clients on a fair and equitable basis. Due to the nature of the financial markets, as well as specific Client investment guidelines and objectives, *pro rata* allocation of investment opportunities will not always be desirable or feasible. When allocating investment opportunities among Clients, Sabre will consider with respect to each Client such factors as the relative amounts of capital available for new investments, the investment objectives, investment programs, term and portfolio positions of the Clients, the availability of leverage, relative exposure to market trends, transaction costs, the manner in which the investment in question is likely to affect the amount of available capital after the investment is made, investment guidelines and restrictions, concentrations and diversification within an account, tax and regulatory issues, the nature and size of existing portfolio holdings and cash positions, risk/return objectives and anticipated redemptions and subscriptions (liquidity). In certain circumstances, Sabre may give special consideration to certain Clients such as new Clients (including those in which Sabre or its affiliates may have an interest) with a substantial amount of available cash. With respect to initial public offerings of securities ("new issues"), Sabre will determine which Clients are suitable and eligible to receive such new issues, taking into consideration the factors described above. Whenever practicable, new issues will be allocated *pro rata* among all suitable and eligible Clients in proportion to their relative capital balances, as determined by Sabre in its sole discretion.

If Sabre determines that the purchase or sale of the same security is in the best interest of more than one Client, Sabre may, but is not obligated to, aggregate orders placed simultaneously in order to obtain best execution and reduce 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 allocated *pro rata* based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Sabre. In the event of a partial fill, allocations may be modified on a basis that Sabre deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. Generally, trades that are not aggregated are processed in the order they are placed with the broker or counterparty selected by Sabre. As a result, certain trades in the same security or instrument for one Client (including a Client in which Sabre and its affiliates may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

### **ITEM 13 - REVIEW OF ACCOUNTS**

Sabre's investment activity is driven by the output of quantitative models. Portfolio managers and other investment professionals monitor the output of the model on a daily basis but meet for formal review of the model and fund/account performance at least quarterly. The development of the model is iterative and the portfolio managers and other investment professionals contribute to the testing and development of the model on a daily basis.

Investors in Sabre's Funds receive written monthly reports, either directly and/or from the applicable Fund's administrator. These reports document the status of each investor's account and/or provide general commentary on relevant markets. Certain investors may request additional information and reporting, and, although such additional information and reporting will generally (but may not always) be available to all investors in the same Fund, some investors may not request, and therefore not receive, such additional information. Sabre expects to provide annual audited financial statements to its Clients and investors in the Funds within 120 days of the applicable Client's fiscal year end. In addition, Sabre personnel may participate in monthly portfolio reviews with investors in the Funds.



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

Sabre does not receive any economic benefit from non-clients in connection with giving advice to Clients. Sabre has engaged one or more placement agents to obtain investor referrals to Sabre Fund Clients. Such placement agents receive a portion of the management fee and/or incentive compensation associated with such referred investors. Please note that Sabre's Form ADV Part 1A, which can be accessed through the SEC website, [www.adviserinfo.sec.gov/IAPD](http://www.adviserinfo.sec.gov/IAPD), contains additional information about placement agents used by Sabre.

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## ITEM 15 - CUSTODY

Sabre is deemed to have custody of the Funds assets and securities because it has authority to obtain these assets and securities. In compliance with the requirements of Rule 206(4)-2 under the Advisers Act, Sabre maintains Fund assets with The Northern Trust Company, as custodian, and who, along with prime broker, act as “qualified custodians.” The prime broker used by Sabre on behalf of the TTU Fund is Deutsche Bank AG. Sabre maintains the right to cease the use of a particular custodian or prime broker or to add custodians or prime brokers in its discretion.

U.S. Funds are subject to an annual audit by an independent public accountant prepared in accordance with generally accepted accounting principles. That audit is distributed to Fund investors within 120 days of each such Fund’s fiscal year end. Thus, Sabre does not need to comply with certain of the requirements of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the custody rule). Investors in the Funds also receive their capital account statements directly from Sabre’s administrator on a monthly basis. Investors should carefully review such statements and the annual audit. Investors in the U.S. Funds should carefully compare the account statements received from the administrator to any statements provided by Sabre.

## **ITEM 16 - INVESTMENT DISCRETION**

Sabre was granted discretionary trading authority over each Client, including through entering into investment management agreements or similar arrangements. Sabre has full discretionary authority to manage fiduciary accounts for its Clients, including the ability to decide which securities are bought and sold, the amount and price of those securities, the principals or brokers, if any, selected to execute a particular transaction and commissions paid, where applicable. With respect to limitations on its authority regarding which securities and amount of securities that are to be bought or sold, Sabre is limited by its own internal policies and procedures and each Client's investment guidelines (if any).

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## **ITEM 17 - VOTING CLIENT SECURITIES**

The Sabre strategy invests in 100% total return swaps (large-cap liquid equities underlying) to which voting rights are not attached.

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## **ITEM 18 - FINANCIAL INFORMATION**

Sabre 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.

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