
**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

Cephei Capital Management (Hong Kong) Limited

A Hong Kong Limited Liability Company registered with the U.S. Securities and Exchange Commission as an Investment Adviser

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This brochure provides information about the qualifications and business practices of Cephei Capital Management (Hong Kong) Limited ("Cephei Capital"). If you have any questions about the contents of this brochure, please contact us at (852) 3518 8000. 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 Cephei Capital is also available on the SEC's website at www.adviserinfo.sec.gov

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

ITEM 2

MATERIAL CHANGES

Cephei Capital last updated this Brochure in March 2019. These updates materially revised: Item 8 to update the Methods of Analysis and Investment Strategies Cephei uses and the risk Cephei may involve, such as use of QFII and RQFII and use of Stock Connect; Item 12 Research and Other Soft Dollar Benefits.

ITEM 3
TABLE OF CONTENTS

ITEM 1 COVER PAGE	1
ITEM 2 MATERIAL CHANGES.....	2
ITEM 3 TABLE OF CONTENTS	3
ITEM 4 ADVISORY BUSINESS.....	4
ITEM 5 FEES AND COMPENSATION	5
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	6
ITEM 7 TYPES OF CLIENTS	7
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 DISCIPLINARY INFORMATION	15
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	16
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	17
ITEM 12 BROKERAGE PRACTICES.....	20
ITEM 13 REVIEW OF ACCOUNTS.....	22
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	23
ITEM 15 CUSTODY	24
ITEM 16 INVESTMENT DISCRETION	25
ITEM 17 VOTING CLIENT SECURITIES.....	26
ITEM 18 FINANCIAL INFORMATION.....	27
ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS	28

ITEM 4

ADVISORY BUSINESS

Firm Overview

Cephei Capital was founded in 2006. Cephei Capital manages a concentrated portfolio of China-based companies that may be traded on any exchange in the world. Cephei Capital's principal owners are Cephei Capital Management Company Limited, Cephei Capital Investment Company Limited, CDH China Management Company Limited, New Diamond Assets Inc., and Mr. Li Gang, through his wholly owned company Clear Image Investments Limited. Cephei Capital has obtained the Renminbi Qualified Foreign Institutional Investor ("RQFII") license issued by the China Securities Regulatory Commission ("CSRC") and China's State Administration of Foreign Exchange ("SAFE") in 2014.

Cephei Capital's Advisory Services

Cephei Capital's primary business is providing investment advisory services to pooled investment vehicles (the "Private Funds") and single investor managed accounts (the "Managed Accounts," together with the Private Funds, the "Clients," and each a "Client") in their investments in the publicly-traded securities of issuers that have a substantial portion of their operating assets located in the People's Republic of China (the "PRC") or that derive a large portion of their revenues or earnings from activity connected to the PRC.

Customized Services for Individual Clients

As described above, Cephei Capital provides investment advisory management services to Managed Accounts, which, unlike the Private Funds described above, are generally formed for the specific purpose of managing the assets of a single institutional investor. The investment strategies for the Managed Accounts may, and generally do, parallel all or a portion of the investment strategies of the Private funds, but there are, on occasion, differences between the investment strategies of a Managed Account and any other Cephei Capital Client. Cephei Capital enters into agreements to advise Managed Accounts only under limited circumstances and the advisory services provided to each such Client, and the related terms and fees, are negotiated on a case-by-case basis.

Assets Under Management

Cephei Capital manages Client's assets on a discretionary basis. As of December 31, 2018, Cephei Capital had more than \$3,758 million assets under management.

ITEM 5
FEES AND COMPENSATION

Cephei Capital generally bills and receives asset-based fee income from Clients directly on a quarterly basis and/or performance-based fee income on an annual basis, depending on the Client involved and the nature of the fee. None of Cephei Capital's supervised person receives any commissions for any sale of securities or other investment products.

Clients may incur additional fees and expenses, including expenses associated with specific investment transactions, such as the following non-exhaustive list of items:

- (i) prime broker's fees;
- (ii) administrator fees;
- (iii) brokerage commissions;
- (iv) clearing and settlement charges;
- (v) taxes;
- (vi) custodial fees;
- (vii) Legal fees;
- (viii) Audit fees;
- (ix) bank service fees;
- (x) administrative expenses;
- (xi) valuation and appraisal expenses; and
- (xii) organizational expenses.

To the extent that a third-party performs such services and Cephei Capital incurs all or a portion of the corresponding expenses listed above, the costs of such expenses will be reimbursed by the Client.

More detailed information about specific fees and expenses that Clients may pay is provided in the relevant agreement between Cephei Capital and the relevant Client as well as in formal offering materials (i.e., the Client's offering memorandum, memorandum and articles of association, as the case may be, and subscription document) provided to investors in the Private Funds, as applicable (collectively referred to herein as the "Offering Documents").

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

Cephei Capital charges performance fees (the “Performance Fee”) that is generally calculated on the net capital appreciation of such Client’s account at the end of the relevant fiscal period, or upon realization, and in certain cases subject to, or only in excess of, specified performance thresholds.

Cephei Capital will structure any performance or incentive fee arrangement subject to Section 205(a) (1) of the US Investment Advisers Act of 1940, as amended (the “Advisers Act”) and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring Clients’ assets for the calculation of performance-based fees, Cephei Capital includes realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for Cephei Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities (although that incentive is at least partially mitigated by the fact that all accounts are subject to at least some level of performance fee). Cephei Capital has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Because Cephei Capital or its affiliates have input into the valuation of fund assets (at least when quoted values are not available or are deemed not to be representative of the market values), Cephei Capital has a conflict of interest between its responsibility to provide fair valuation advice to the respective Client, and its interest in maximizing the management fee and performance allocation payable from it. Cephei Capital believes, however, that on the whole, Cephei Capital’s performance allocation arrangements benefit Clients by providing Cephei Capital with a greater incentive to manage assets well.

ITEM 7
TYPES OF CLIENTS

As described in Item 4 above, Cephei Capital currently offers investment advisory services to Private Funds and Managed Accounts. The underlying investors in such Cephei Capital Clients are typically institutional and high net worth investors. Cephei Capital requires that the underlying investors in the Private Funds and Managed Accounts be “qualified purchasers” as that term is defined in Section 2(a) (51) of the Investment Company Act. Each Private Fund requires minimum investment levels from its prospective investors (although these may be waived from time to time).

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Cephei Capital takes a growth at reasonable valuation and contrarian oriented approach with a bias to medium and large cap stocks with a long-term investment horizon.

We invest in existing or emerging industry leaders with quality management who has vision, execution capability, a proven track record of consistently creating value for shareholders, and importantly, a proper alignment of interests with minority shareholders.

The portfolio takes a multi-sector focus with a bias toward medium to large cap companies and employs a disciplined, fundamentally driven, value investing focus. All investment decisions result from a rigorous bottom-up analysis of fundamentals coupled with a top-down analysis of sector trends.

As a result, we manage a concentrated portfolio with high conviction ideas. We aim to achieve strong, long term performance by compounding our client's capital skillfully through a full market cycle.

Cephei Capital has two investment strategies, a *China long only Absolute Return Strategy* and a *China long only Index Enhanced Strategy*. These two strategies share the same investment philosophy, research support, and stock pool, but differ in respect to investment process, portfolio construction, and investment objectives.

For the Absolute Return Strategy, we target double digit annualized returns on a three year rolling basis with lower volatility than the market. The strategy is benchmark agnostic, though the CSI300 Index normally serves as a reference.

The core of the Absolute Return Strategy portfolio is a concentrated stock portfolio resulting from careful bottom up stock picking. The strategy also has flexibility in allowing Cephei to express our market opinion by adjusting the equity exposure and cash level.

Other financial instruments are also used to enhance the portfolio's risk adjusted returns, such as convertible bonds, money market funds, IPOs, block trades and private placements.

Subject to investor's approval, index future hedging may be used in the Absolute Return Strategy. There are futures and other derivatives on the CSI300 index available in the domestic Chinese market. When systematic risk arises, these can be used as hedging tools.

For the Index Enhanced Strategy, the investment objective is to achieve 300-500bps annualized outperformance over the benchmark index on three year rolling basis.

While the core holdings of the Index Enhanced Strategy portfolio are a reflection of Cephei's best ideas, this strategy also considers sector deviation and tracking error from the benchmark, thus it is normally a more diversified portfolio than the Absolute Return Strategy.

An index enhanced portfolio is normally fully invested, or will have tighter constraints on our ability to adjust the cash level.

Investment Risks

Cephei Capital management emphasizes risk management firm wide in order to grow the business in a prudent, profitable and sustainable way. Cephei monitors investment risks such as market risk, regulatory risk, decision making risk and liquidity risk as well as other risks such as ethical risks, operational risk, technology risk, compliance risk and new business operating risk; specific measures are implemented to monitor these risks.

Being a long-term investor, we consider the changing macroeconomic environment and company fundamentals as the key risks in portfolio management.

To monitor fundamental changes, we closely track the performance of listed companies, sectors, competitors, as well as upstream and downstream sectors to identify and mitigate potential risks. To monitor macroeconomic changes, we communicate with government officials, and obtain and track macro and policy updates through regular meetings. These measures and techniques are not only for monitoring purposes, but also drive portfolio construction.

Risks Related to Investments in PRC and other Asian Emerging Economies

As previously described, Cephei Capital largely focuses on investing its assets in China-based companies. Therefore, its Clients may be subject to unusual risks associated with investments in China and the larger Asian market.

Development of the Asian Economies. The economies of the various nations in Asia differ from the economies of most developed countries in many aspects, including as to: (a) the political structure; (b) the degree of government involvement; (c) the degree of development; (d) the level and control of capital reinvestment; (e) the control of foreign exchange; and (f) the allocation of resources.

Certain economies in Asia have been transitioning from centrally planned economies to more market oriented economies. For example, for more than two decades, the government of the PRC has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although Cephei Capital intends to monitor various systemic and systematic risks, Cephei Capital cannot ensure that changes in economic, political and social conditions, laws, regulations and policies in the Asia region will not have an adverse effect on the relevant Client, including its financial condition or results of operation, or that such changes will not have

an adverse “knock-on” effect on other jurisdictions in which the relevant Client will be investing.

Legal and Tax Systems. The legal and tax systems of certain countries in Asia are less predictable than most legal and tax systems in countries with fully developed capital markets. Currently, the tax rules and regulations prevailing in certain countries in Asia are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors’ rights. Moreover, companies often experience delays when obtaining governmental licenses and approvals. These factors contribute to the exogenous, systemic risks to which the relevant Client may be exposed. Exogenous risk is the risk created by an outside or external source. Systemic risk a risk of disruption to financial services that is caused by an impairment of all or parts of the financial system and has the potential to have serious negative consequences for the real economy. There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable by the portfolio companies or the relevant Client itself may reduce returns. In addition, changes to tax treaties (or their interpretation) between countries in which the relevant Client invests, and countries through which the relevant Client conducts its investment program, may have significant adverse effects on the relevant Client’s ability to efficiently realize income or capital gains. Consequently, it is possible that the relevant Client may face unfavorable tax treatment resulting in an increase in the taxes payable by the relevant Client on its Investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the underlying investors.

Less Company Information and Regulation. Generally, there is less publicly available information about Asian companies. This may make it more difficult for Cephei Capital to stay informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of certain Asian companies.

Local Intermediary Risks. Certain of the relevant Client’s transactions may be undertaken through local brokers, banks or other organizations in Asia. The relevant Client will be subject to the endogenous risk of default, insolvency or fraud of such organizations. Endogenous risk is the risk from within the financial system created by participants interacting with each other. There can be no assurance that any money advanced to such organizations will be repaid or that the relevant Client would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the relevant Client to a variety of risks including theft, loss and destruction. The relevant Client will also be dependent upon the general soundness of the banking systems throughout Asia which, in some cases, remain relatively under-developed or unstable

compared to developed markets such as the United States and the United Kingdom.

Political and Economic Instability. The economies of the countries in which the relevant Client may invest are less stable than the more developed economies, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. The governments of such countries may participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation. Further, although the recent general trend in many of the less developed economies of the countries in Asia has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies may not be altered significantly. Political instability, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond Cephei Capital's control could have a material adverse effect on the performance.

As a result of these factors, certain economies within the Asia region are more susceptible to reacting violently to changing economic conditions than the more developed economies. In addition, certain economies in Asia have been affected by frequent and significant intervention by the relevant governments and/or central banks, which have often changed monetary, credit, tax and other policies which have involved wage and price controls as well as other measures, such as raising interest rates, imposing capital controls and inhibiting international trade. Changes in policy involving taxation, exchange controls and regulation could adversely affect the result of the relevant Client's Investments in these markets and/or in securities and instruments of issuers domiciled in these countries, as could inflation, currency devaluation, social instability and other political, economic or diplomatic developments, as well as governmental responses to such developments.

Although economic conditions are different in each country, investors' reactions to the developments in one country may have effects upon the securities of issuers in other countries. Developments or conditions in emerging market countries may from time to time significantly affect the availability of credit in other countries in Asia and result in considerable outflows of funds and declines in the amount of foreign currency invested in those markets.

Use of Qualified Foreign Institutional Investors ("QFII") and RMB Qualified Foreign Institutional Investors ("RQFII"). Under prevailing regulations in the PRC, foreign investors can only invest in the secondary market of A shares either as QFIIs/RQFIIs or through QFII/RQFII Holders. As at the date of this Brochure, Cephei Capital has obtained the RQFII license issued by CSRC and SAFE in 2014.

As and when Cephei Capital makes an investment decision to allocate a Client's assets in specific A shares through QFII/RQFII, there is no assurance that the QFII/RQFII Holders will be able to adequately allocate all or a substantial part of the assets of the relevant Client for investment in A shares. In this regard, it should be noted that QFII/RQFII Holders will have to abide by their respective license restriction limits and there can be no assurance that the QFII/RQFII Holders will be able to meet all decisions by Cephei Capital to invest in specific A shares for and on behalf of the relevant Client, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations, including changes in QFII/RQFII repatriation restrictions. Such restrictions may result in suspension of dealings of the relevant Clients.

Any risk or restriction relating to the QFII/RQFII Holders from which the QFII/RQFII Holders obtain and maintain their licenses would be a risk or restriction relevant to the Clients. For example, a QFII/RQFII license may be suspended or revoked by reason of, without limitation: (a) bankruptcy, liquidation or receivership of the QFII/RQFII Holder; (b) irregularities by the QFII/RQFII Holder in its practice as a QFII/RQFII investor; and (c) failure by the QFII/RQFII Holder to pass the annual inspection of its foreign exchange registration certificate for irregularities in its foreign exchange affairs.

Further, Cephei Capital will rely on the existing arrangements entered into between QFII/RQFII Holders and their respective local custodian ("PRC Custodian") with respect to the custody of the relevant Client's assets in A shares, and their broker ("PRC Broker") in relation to the execution of transactions in A shares on behalf of the relevant Client, in the PRC markets. The relevant Client may, therefore, incur losses due to the acts or omissions of the PRC Broker or the PRC Custodian in the execution or settlement of any transaction, or in the transfer of any funds or securities.

There are rules and restrictions under current QFII/RQFII regulations, including rules on investment restrictions, minimum investment holding periods, and repatriation of principal and profits. QFII/RQFII restrictions on investment apply to the particular QFII/RQFII as a whole (which includes all accounts and related services which it may provide to external clients) and not simply to investments made by the relevant Client.

Direct investments in A shares through QFII/RQFII Holders are subject to compliance with the following investment restrictions currently imposed under the QFII/RQFII regulations in the PRC, as amended from time to time, which are applied to each QFII/RQFII Holder and which will affect the ability of the relevant Client to invest in A shares:

(a) shares held by each foreign investor in any one listed company should not exceed 10% of the total outstanding shares of that company;

(b) total shares held by all foreign investor in any one listed company should not exceed 30% of the total outstanding shares of that company; and

(c) the investments should comply with the requirements set out in the "Catalogue

for the Guidance of Foreign Investment Industries”.

In extreme circumstances, the relevant Client may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFII investment restrictions, the illiquidity of the A share market, and/or any delay or disruption in the execution or settlement of trades.

Profits generated by the Client through investment in A shares are in Renminbi (“RMB”), and may be paid by the relevant Client to the underlying investors only after the QFII Holder converts the RMB into U.S. dollars. The relevant Client might not be able to repatriate profits gained in a timely manner as the foreign exchange control authority of the PRC, at its sole discretion, may direct the timing, amount and intervals for effecting such conversion.

Use of Stock Connect. Cephei Capital may also invest in Chinese listed companies through the Stock Connect. The selected securities listed on The Shenzhen Stock Exchange (“SSE”) and the Shanghai Stock Exchange (“SZSE”), and selected securities listed on The Stock Exchange of Hong Kong Limited (“SEHK”) available for trading under the Stock Connect.

The Stock Connect is a mutual market access programme through which Hong Kong and overseas investors (“Stock Connect Investors”) can deal in Stock Connect Securities through a connect arrangement put in place between SSE / SZSE and SEHK. The Stock Connect programme has been developed between Hong Kong and mainland China by, among others, SSE / SZSE, SEHK, the Hong Kong Securities Clearing Company Limited (“HKSCC”) and the China Securities Depository and Clearing Corporation Limited (“CSDCC”). Under the Stock Connect, the Shanghai Connect and the Shenzhen Connect operate independently from each other with substantially similar regulatory framework and operating mechanism.

Investors should note that the Stock Connect is a relatively new trading programme. The relevant regulations are untested and subject to change and there is no assurance that the Stock Connect will be permitted to continue in existence. The trading link of Stock Connect through which Hong Kong and overseas investors may purchase and indirectly hold Stock Connect Securities (“Northbound Trading”), under the Stock Connect is subject to daily quota limitations which may restrict the Fund's or Managed Account's ability to deal via the Stock Connect on a timely basis. This may impact the Fund's or Managed Account's ability to implement its investment strategy effectively. The scope of securities in Stock Connect is subject to adjustment by relevant Stock Connect Authorities from time to time. This may adversely affect the Fund's or Managed Account's ability to achieve its investment objective. In addition, the Stock Connect and its technology and risk management capability has only a short operating history. There is no assurance that the systems and controls of the Stock Connect programme will function as intended or whether they will be adequate. In addition, the Stock Connect may be subject to further regulatory or other changes and developments in both the Hong

Kong and China markets that could adversely affect the Fund's or Managed Account's ability to invest via the Stock Connect or its investment strategy.

Restrictions on Investment and Repatriation. Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the relevant Client's investment in certain countries and may increase the relevant Client's costs and expenses. Indirect foreign investment may, in some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether, or turned into a discount. In addition, certain countries impose restrictions and controls on repatriation of investment income and capital. In this regard, there can be no assurance that the relevant Client will be permitted to repatriate capital or profits, if any, over the life of its activities. In addition, the relevant Client faces the systemic risk that a country's balance of payments may result in the imposition of temporary restrictions on foreign capital remittances. The relevant Client could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the relevant Client of any restrictions on investments. Investing in entities either in, or which have a substantial portion of their operations in, Asia may require the relevant Client to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the relevant Client.

Investment Instruments Utilized

Cephei Capital does not recommend a particular type of investment instrument (e.g., equity securities) to its Clients, but rather, recommends and invests in multiple investment instruments to correspond with the particular investment strategy.

ITEM 9
DISCIPLINARY INFORMATION

Cephei Capital does not believe that there are any legal or disciplinary events that are material to a Cephei Capital Client (or prospective Client's) evaluation of Cephei Capital's advisory business.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Cephei Capital nor its management persons are registered as, and do not have any application to register as, broker-dealers, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Cephei Capital Management Company Limited (“the Manager”), also provides advisory services through supervised persons of Cephei Capital to US-based Separate Account Clients of Cephei Capital as a “participating affiliate”, in accordance with applicable guidance issued by the SEC and its staff. Cephei Capital is a wholly-owned subsidiary of the Manager and shares with the Manager physical location and certain supervised persons. In addition, Cephei Capital has other investment advisory affiliates, including CDH Investment Advisory Private Limited (“CDH”), which is a registered investment adviser as private fund advisers and other entities exempt from SEC registration(i.e., so-called “exempt reporting advisers”) all of which either control, are controlled by, or are under common control with Cephei Capital.

Except as disclosed under Item 11, Cephei Capital does not believe that such relationships create a material conflict of interest for its Clients.

Cephei Capital does not recommend or select other investment advisers (other than the Manager) for its Clients, nor does it receive any compensation, directly or indirectly, from other investment advisers that creates a material conflict of interest. Cephei Capital does not have other business relationships with other investment advisers that create a material conflict of interest.

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

Code of Ethics

In compliance with Rule 204A-1 of the Advisers Act, Cephei Capital has adopted a Code of Ethics in order to establish the standard of conduct expected of its supervised persons in light of Cephei Capital's duties to its Clients. This Code of Ethics requires Cephei Capital supervised persons to place Clients' interests above their own, to report personal securities transactions to Cephei Capital, and to avoid taking action that benefits Cephei Capital or its supervised persons at the expense of its Clients. Cephei Capital supervised persons must acknowledge receipt of its Code of Ethics and they must report violations of the Code of Ethics to Cephei Capital's Chief Compliance Officer.

A copy of Cephei Capital's Code of Ethics is available to Clients and prospective Clients upon request.

Recommendations of Securities in which Cephei Capital or a Related Person has some Financial Interest

Cephei Capital engages in a broad spectrum of activities that, with respect to any particular Client, are independent from, but may from time to time conflict with, overlap with or compete with, the investment activities of its other Clients. As a result, Cephei Capital is subject to various potential conflicts of interest.

Cephei Capital invests in initial public offerings ("IPOs") or other new issues, including those sold or issued by companies that are owned, in whole or in part, by Cephei Capital Clients (such as portfolio companies). While it currently does not do so, Cephei Capital may cause Clients to invest in securities or other interests sold or issued by entities in which Cephei Capital or a related party, including a principal, has an interest. Such interest may result from, among other things, a direct or indirect investment in the applicable entity, or a Cephei Capital supervised person serving as an officer or director of the entity.

In addition, Cephei Capital supervised persons may have a direct or indirect ownership interest in a Private Fund as a result of (1) direct investments in such Clients; and (2) ownership interests in Cephei Capital affiliates that are entitled to receive management fees and/or Performance Fees from each such Client.

Potential Conflicts Due to Overlapping Client Investments

While it currently does not do so, Cephei Capital may encounter conflicts due to overlapping investments by its Clients, clients of its Participating Affiliate, Cephei Capital itself, or its supervised persons. Where such conflict exists, the differing investment objectives of clients, as well as other factors applicable to the specific

situation may result in a determination to dispose of, or retain, all or a portion of an investment on behalf of a Client (or on behalf of clients of its Participating Affiliate, Cephei Capital itself, or its supervised persons) at different times as such investment or portion thereof is being disposed of, or retained, by other Clients. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment would be beneficial for one Client while retaining such investment would be beneficial for another Client. Cephei Capital may also recommend investments to or purchase securities for the account of one Client (or on behalf of clients of its Participating Affiliate, Cephei Capital itself, or its supervised persons) that may differ from investments recommended or bought for other Clients, even though the investment objectives of other Clients may be similar. Moreover, Cephei Capital's Clients (or on behalf of clients of its Participating Affiliate, Cephei Capital itself, or its supervised persons) may make investments or engage in other activities that express inconsistent views with respect to an entity in which they have invested, a particular security or relevant market conditions.

In addition, while it currently does not do so, Cephei Capital expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment by other Cephei Capital Clients. Consequently, Cephei Capital, on behalf of certain Clients, may choose not to hedge certain risks that other Cephei Capital Clients hedge, or certain Clients may be exposed to risks of financing on an investment when other Cephei Capital Clients are not.

Should a particular Client invest in entities or assets in which other Cephei Capital Clients hold an investment, the investment by such Client could be viewed, especially in hindsight, to have been made on a non-arm's length basis. Similarly, other Cephei Capital Clients may later invest in entities such Client has invested in, which may have an effect (either positive or negative) on the market price of this Client's investments.

Mitigating Policies

Cephei Capital has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest. Cephei supervised persons are subject to the clearance procedures by the chief compliance officer for their trading practice and potential conflict of interest, such as directorships and fiduciary appointments. Cephei Capital has also adopted policies and procedures to establish and maintain an information barrier between Cephei Capital and its affiliates that are designed: (1) to establish a wall for the purpose of shielding Cephei Capital and its affiliates and their respective personnel from material non-public information that may exist from time-to-time on the opposite side of the information barrier, and (2) to prevent coordinated investment activities among the Cephei Capital and its affiliates' investment professionals. Consequently, Cephei Capital and its affiliates will generally manage investment portfolios on a separate basis and will not exchange information concerning actual or potential investments or portfolios thereof.

Under circumstances that are appropriate, Cephei will bring issues that raise conflicts of interest before the investment committee and chief compliance officer to determine how it will proceed.

ITEM 12

BROKERAGE PRACTICES

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

Cephei Capital generally has discretion in deciding which brokers and dealers a Client will use and in negotiating the rates of commissions a Client will pay. In selecting brokers and dealers to effect portfolio transactions for its Clients, Cephei Capital seeks to obtain best execution, taking into consideration the price of a security offered by a broker-dealer, as well as the full range and quality of such broker-dealer's services, including, among other things and to the extent applicable, (i) the overall direct net economic result to the investments, (ii) the financial strength, stability and reliability of the broker-dealer, (iii) order size, (iv) timing considerations, (v) the efficiency with which the transaction may be effected, (vi) the ability of the particular broker-dealer to effect the transaction where a large block or other complicating factors are involved, (vii) the availability of the broker-dealer to execute potentially difficult transactions in the future and (viii) other matters involved in the receipt of brokerage and research services as contemplated by Section 28(e) of the Exchange Act, and the regulations and interpretations of the Securities and Exchange Commission promulgated thereunder.

Research and Other Soft Dollar Benefits

Cephei Capital may from time to time engage broker-dealers to provide it with proprietary brokerage and research services, but does not accept from such broker-dealers soft dollar benefits.

Brokerage for Client Referrals

Cephei Capital does not consider, in selecting or recommending broker-dealers, whether a related person or itself receives client referrals from a broker-dealer or third party.

Directed Brokerage

Cephei Capital has discretion in deciding which broker-dealer its Clients will use and in negotiating the rates of commissions that Clients will pay. Cephei Capital does not generally permit Clients to direct brokerage. In the event a Client directs Cephei Capital to cause brokerage transactions to be executed by a particular member of a national securities exchange or particular broker/dealer, Cephei Capital is under the obligation to, using its best efforts, seek to achieve the most favorable price and best execution with the broker/dealer, in light of such direction.

Order Aggregation

Cephei Capital utilizes a separate prime broker for each of its Clients and does not aggregate orders for the purchase or sale of securities. Accordingly, when Cephei

Capital makes separate orders for the purchase or sale of securities for its Clients, such Clients may incur a higher brokerage fee than would be the case if such orders were made on an aggregated basis.

ITEM 13
REVIEW OF ACCOUNTS

Designated personnel of Cephei Capital review investment positions on a periodic basis, and in many cases as frequently as daily. The individuals primarily responsible for account reviews are investment professionals at the managing director level, including those individuals acting as portfolio managers of a given Cephei Capital Client, although other persons who are not investment professionals at the managing director level may be substantially involved and/or responsible for carrying out such reviews. In addition, members of the Legal and Compliance Department and, in certain instances, dedicated risk management personnel, review investment reports on a periodic basis, and in some cases as frequently as daily.

Content and Frequency of Account Reports to Clients

Cephei Capital prepares written periodic reports to provide to its Clients and/or the Client's underlying investors, detailing the valuation, performance and composition of such Client's investments. As a general matter, such reports/letters are prepared and issued monthly or quarterly. The Private Funds are also subject to review by independent public accountants, which results in annual audited financial statements being produced for each such Client. Managed Accounts will generally receive reports with the same frequency and may also be reviewed by an independent public accountant at the Client's discretion.

For additional information related to the types and frequency of reports provided to Clients, please see the relevant Offering Documents, to the extent applicable.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Cephei Capital does not make referral or other cash solicitation payments to third parties in return for Client solicitations or referrals. To the extent it does so in the future, the Company will adopt procedures to ensure compliance with SEC Rule 206(4)-3.

ITEM 15
CUSTODY

Cephei Capital currently does not have custody of client funds or securities under SEC Rule 206(4)-2, because it has no ability to deduct advisory fees from the accounts of its Managed Account Clients, and because its Private Funds are organized, advised, and managed outside the United States by non-US persons. In the event that Cephei Capital obtains custody of client funds or securities, it will comply with the custody requirements applicable to registered investment advisers.

ITEM 16
INVESTMENT DISCRETION

Subject to limitations in the various agreements Cephei Capital has with particular Clients, Cephei Capital has full discretion and authority to make all investment decisions with respect to the types or amounts of securities to be bought or sold for its Clients, broker-dealers to be used and the commission rates paid.

The specific contours of Cephei Capital's discretionary authority is generally set forth in the particular agreement between Cephei Capital and the particular Client.

ITEM 17
VOTING CLIENT SECURITIES

Except for the Private Fund, Cephei Capital does not exercise or plan to procure the authority to exercise any voting rights with respect to client securities. Clients who are registered holders of such securities will receive their proxies or other solicitations directly from their custodian or transfer agent. If desired, a Client can contact Cephei Capital with questions about any particular solicitation. However, the final decision of how to vote the proxy rests with the Client.

For the Private Fund, Cephei Capital recognizes its fiduciary duty to vote proxies solely in the best interests of the Private Fund and has adopted policies and procedures related to voting proxies on behalf of the Private Fund. The general policy of Cephei Capital is to vote proxy proposals, as well as amendments, consents or resolutions relating to the Private Fund securities in a manner that serves the best interests of the Private Fund. Cephei Capital determines, in its sole discretion, how to vote the proxies and processes and votes the securities itself. In determining how to vote such proxies, Cephei Capital may take into account factors such as: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; (iv) industry and business practices; and (v) the degree to which the Private Fund interests are aligned with those of an issuer's management.

Though generally deemed unlikely, it is possible for conflicts of interest to arise in the context of Cephei Capital's proxy voting. However, if an actual conflict of interest with respect to proxy voting arose, Cephei Capital's compliance officer would be involved in the process for the particular proxy vote to help manage and mitigate any such conflicts of interest.

A copy of Cephei Capital's proxy voting policies and procedures can be obtained upon request.

ITEM 18
FINANCIAL INFORMATION

Cephei Capital is not aware of financial conditions reasonably likely to impair its ability to meet contractual commitments to Clients, and it has not been the subject of a bankruptcy petition at any time since its inception.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Cephei Capital does not believe it is required to register with any U.S. state securities authorities and it has not done so.