

# **AESIR**

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**CAPITAL MANAGEMENT**

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This brochure provides information about the qualifications and business practices of Aesir Capital Management LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact Steven Bowman by email at [SBowman@aesircredit.com](mailto:SBowman@aesircredit.com), or by telephone at 203-344-3050. This information 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 the Adviser also is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

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**Item 4. Advisory Business****A. General Description of Advisory Firm.**

The Adviser is a Delaware limited partnership with its principal place of business in Old Greenwich, Connecticut. The Adviser commenced operations as an investment adviser on June 1, 2012. Mark S. Fishman is the principal owner of the Adviser.

**B. Description of Advisory Services.**

The Adviser provides investment advisory services on a discretionary basis to its clients, which include pooled investment vehicles intended for sophisticated investors and institutional investors.

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

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Currently, the Adviser does not tailor advisory services to the individual needs of its clients. Likewise, currently the Adviser does not allow its clients to impose restrictions on investing in certain securities or types of securities.

**D. Client Assets Under Management.**

As of December 31, 2018, the Adviser managed approximately \$686,600,000 of client assets (computed on a net asset basis) on a discretionary basis.

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## **Item 5. Fees and Compensation**

### **A. Advisory Fees and Compensation.**

#### Asset-Based Compensation

The Adviser charges each client an investment management fee of up to 2% per annum based on the value of each client's assets under management. Investors in pooled investment vehicles managed by the Adviser are subject to such investment management fees indirectly through their investment in the pooled investment vehicle.

Investment management fees are charged quarterly in advance, based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first business day of each quarter. If a new client account is established during a quarter or a client makes an additional investment in its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional investment based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

The investment management fees are generally not negotiable; however, the Adviser, in its sole discretion, may waive or modify the fees for certain investors in pooled investment vehicles who are members, employees or affiliates of the Adviser or a related person of the Adviser, relatives of such persons and for certain large or strategic investors. For example, investment management fees assessed on investments in pooled investment vehicles by the Adviser and certain of its principals and employees or their family members and related vehicles and certain large or strategic investors are reduced or waived entirely.

#### Performance-Based Compensation

The Adviser (or its related person) will also be paid or allocated, as applicable, a performance-based fee or allocation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client. This compensation may be paid or allocated, as applicable, to the Adviser (or its related person) and may equal up to 20% of net profits, subject to a loss carryforward.

The performance-based compensation paid or allocated to the Adviser (or its related person) is generally not negotiable; however, the Adviser, in its sole discretion, may waive or modify such compensation for certain investors in the pooled investment vehicles who are members, employees or affiliates of the Adviser or a related person of the Adviser, relatives of such persons and for certain large or strategic investors. For example, performance-based compensation assessed on investments in pooled investment vehicles by the Adviser and certain of its principals and employees or their family members and related vehicles and certain large or strategic investors are reduced or waived entirely.

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

The Adviser deducts the investment management fee from client accounts by instructing the client's custodian. The Adviser deducts client accounts for investment management fees quarterly.

Performance-based compensation is deducted from client accounts at the end of each fiscal year or upon withdrawal or redemption by a client and paid to or reallocated to, as applicable, the Adviser (or its related person).

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

Client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition to paying investment management fees and, if applicable, performance-based compensation, client accounts will also be subject to other investment expenses in accordance with the client's investment management agreement or offering documents such as custodial charges, brokerage fees, commissions and related costs; interest on margin accounts and other indebtedness; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices. Client assets may be invested in pooled investment vehicles. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: legal, compliance, administrator, audit and accounting expenses (including third party accounting services); organizational expenses; pooled investment vehicle-related insurance costs (including D&O and E&O insurance for the Adviser and its affiliates, and outside directorship liability); research fees and expenses (including research-related travel); borrowing charges on securities sold short; bank service fees; and any other expenses related to the purchase, sale or transmittal of the pooled investment vehicle's assets. Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the underlying pooled investment vehicle, which are in addition to any fees or other compensation paid to the Adviser.

The allocation of expenses by the Adviser between it and any client and among clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each client in accordance with the client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the client and not covered in the client's arrangements in a fair and reasonable manner. The Adviser allocates common client expenses among multiple clients pro rata based on gross assets under management as of the beginning of the month in which the expenses are paid. The Adviser may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

#### **D. Prepayment of Fees.**

Clients are required to pay the Adviser's investment management fees in advance. If the advisory contract with a client is terminated, any pre-paid fees are refunded in accordance with each client's offering documents or investment management agreement.

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

The Adviser and its investment personnel may provide investment advisory services to multiple portfolios for multiple clients. The Adviser (or its related person) is paid or allocated performance-based compensation by its private pooled investment vehicle clients. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

The Adviser and its investment personnel may manage client accounts that are charged performance-based compensation and an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts or have asset-based fees or performance-based compensation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser higher fees, performance-based compensation or compensation that is paid at different times or over different time intervals.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities and expenses. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The Adviser's policies require the performance of similarly managed accounts to be compared at least semi-annually to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that the Adviser may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including but not limited to, investment objective(s) and strategies, risk profile, tax status, restrictions on the portfolio, size of the client's account, nature, size and availability of position(s) to be allocated, market conditions, account liquidity, and other information determined to be relevant to the fair allocation of securities. To the extent orders are aggregated, such orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including but not limited to partially filled orders, a client's investment guidelines and restrictions, available cash, liquidity requirements, legal regulatory reasons, and to avoid odd lots or excessively small allocations. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

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**Item 7. Types of Clients**

The Adviser's clients consist of pooled investment vehicles intended for sophisticated investors and institutional investors. The Adviser, however, is not precluded from advising types of clients that are not listed above. With respect to such clients, initial and additional subscription minimums, if any, are disclosed in the offering memorandum for the pooled investment vehicle.

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

**A. Methods of Analysis and Investment Strategies.** The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research and a disciplined risk and reward analysis. Investors and potential investors in pooled investment vehicles should refer to the offering memorandum for the pooled investment vehicle for a further discussion of the applicable risks.

The Adviser employs the following investment strategies:

*Arbitrage Transactions.* The Adviser engages in one or more types of arbitrage strategies. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms. The Adviser engages in the following arbitrage strategies: fixed income or interest rate arbitrage and debt spread arbitrage.

*Fundamental Value.* The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

*Global Macro.* The Adviser engages in a global macro investing strategy wherein the Adviser attempts to anticipate global macroeconomic events using discretionary selection.

*Growth.* The Adviser engages in a capital growth investment strategy wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

*Hedging.* The Adviser utilizes a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for risk management purposes.

*Leverage.* The Adviser's investment program utilizes a significant amount of leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Option Trading.* The Adviser engages in an option trading investment strategy. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: writing covered put and call options, writing uncovered puts and purchasing and selling put and call options on stocks and other securities written by others, including options on stock market and other financial indices.

*Relative Value.* The Adviser pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued.

*Short Selling.* The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

These methods, strategies and investments involve(s) risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment.

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



*Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

*Distressed Situation Risk.* Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer’s true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent client accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser’s investment portfolios than if the Adviser did not engage in any such hedging transactions.

*International Investing.* Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) potential lack of uniform accounting, auditing and financial reporting standards; (iii) varying levels of governmental regulation and supervision; and (iv) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. The transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, may be higher than those involved in U.S. transactions. Furthermore, many non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are historically less liquid and their prices historically more volatile than securities of comparable U.S. companies. The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. The Adviser may attempt to minimize exposure to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Adviser will be successful in fully mitigating the impact of interest rate changes.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security’s or instrument’s value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

*Lack of Diversification.* Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Leverage.* Performance may be more volatile if a client’s account employs leverage.

*Relative Value Risk.* In the event that the perceived mispricings underlying the Adviser’s relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, client accounts may incur a loss.

*Short Selling Risk.* The Adviser's investment program includes a significant amount of short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).**

*Asset-Backed Securities.* Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities are subject to credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism

and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

***Fixed-Income and Debt Securities.*** Investment in fixed-income and debt securities such as investment grade corporate bonds, non-investment grade corporate bonds, loans, asset-backed securities, residential mortgage backed securities, commercial mortgage backed securities, sovereign bonds and U.S. government debt securities and financial instruments that reference the price or interest rate associated with these fixed income securities subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. The Adviser may also invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Most fixed income instruments trade in over-the-counter transactions and lack the benefit of transparent exchange pricing. Bid and asks for these instruments are generally wider than equity securities, and trading is less frequent. These factors may cause distortions and/or volatility in the prices of fixed income-related instruments. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

***Illiquid Instruments.*** Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. In some cases, the relevant portfolio may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

***Non-U.S. Securities.*** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

***Sovereign Debt.*** The Adviser may invest in sovereign debt issued by governments, their agencies and instrumentalities either in the currency of their domicile or in a foreign currency. Investors in sovereign debt may be asked to participate in debt restructuring, including the deferral of interest and principal payments, and may also be requested by the issuer to extend additional loans. It is impossible to predict whether the strategies will be able to successfully avoid losses relating to sovereign default. There is no current means of collecting on defaulted sovereign debt as part of bankruptcy or other proceedings. In addition to general default risk relating to sovereign debt, if the Adviser invests in sovereign debt denominated in a currency other than the subscription currency (or in respect of which payments of principal or interest are paid in a currency other than the subscription currency) the Adviser will be exposed to the risk that one or more jurisdictions may impose currency controls that would limit the Adviser's ability to convert such payments of principal or interest to the subscription currency. It is impossible to predict whether any such currency controls will be imposed.

***REITs.*** REITs in which the Adviser invests client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities

issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITS depend generally on their ability to generate cash flow to make distributions to investors.

***Risk Arbitrage Securities.*** A merger, other restructuring, tender, or exchange offer proposed at the time the Adviser invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

### **Additional Risks Relating to the Adviser**

***Cybersecurity Risk.*** The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

***Systems and Operational Risk.*** The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

The aforementioned list of risk factors does not purport to represent all relevant risk factors applicable to the Adviser's pooled investment vehicles. Rather, for a more comprehensive list of risk factors related to a particular pooled investment vehicle, please refer to the applicable offering document.

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**Item 9. Disciplinary Information**

This Item is not applicable.

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

The Adviser is also registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission (the “CFTC”). The Adviser relies on an exemption from certain regulatory requirements under CFTC Regulation 4.7 on behalf of the pooled investment vehicles it manages. In connection with the Adviser’s registration as a commodity pool operator, certain of the Adviser’s management persons are registered with the CFTC as principals or associated persons.

Each pooled investment vehicle for which the Adviser or its related person serves as general partner or investment manager has and may in the future enter into agreements, or “side letters,” with certain prospective or existing investors in such pooled investment vehicles whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the applicable pooled investment vehicle. For example, such terms and conditions may provide for special rights to make future investments in the pooled investment vehicle, other investment vehicles or managed accounts; special withdrawal or redemption rights relating to frequency or notice; a reduction or rebate in fees or redemption penalties to be paid by the investor and/or other terms; and such other rights as may be negotiated by the applicable pooled investment vehicle and such investors. The modifications are solely at the discretion of the pooled investment vehicle and may, among other things, be based on the size of the investor’s investment in such pooled investment vehicle, an agreement by an investor to maintain such investment in the pooled investment vehicle for a significant period of time, or other similar commitment by an investor to the pooled investment vehicle.

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

**Code of Ethics.** The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable Federal securities laws. Generally, the Adviser’s personnel must obtain prior written approval from the Adviser’s Chief Compliance Officer before engaging in any transaction in his or her personal account. The Chief Compliance Officer may approve the transaction if he concludes that the transaction would comply with the provisions of the Code and is not likely to have any adverse economic impact on clients. Personnel of the Adviser are prohibited from executing any personal securities transaction in any security or other financial instrument then held by any client account. Clients or prospective clients may obtain a copy of the Code by contacting Steven Bowman (Chief Compliance Officer) by email at [SBowman@aesircredit.com](mailto:SBowman@aesircredit.com), or by telephone at 203-344-3050.

The Adviser and its supervised persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

The Adviser, in the course of its investment advisory and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser’s related persons may, and currently do, invest in pooled investment vehicles managed by the Adviser and, in certain cases, may, in the aggregate, hold a substantial portion of a pooled investment vehicle’s assets. Such investments pose a risk that the Adviser or individuals who are in a position to control the allocation of investment opportunities to the Adviser’s client accounts will favor those pooled investment vehicles in which the Adviser’s related persons invest, particularly in the case of limited opportunities (such as initial public offerings and private placements) or other investments that are otherwise subject to limited capacity. The Adviser’s procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts. The Adviser’s related persons have access to information that is not available to other investors in such pooled investment vehicles.

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**Item 12. Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.** The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and investment team meet at least annually to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.** The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. Except for services that would be a client expense or as otherwise described below, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of commissions arising from a client's investment transactions for services other than research and brokerage will be limited to services that would otherwise be a client expense in accordance with the client's investment management agreement or offering documents. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer and investment team meet regularly to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.



Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other client accounts and thus, the client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The Adviser seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

During the Adviser's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), the Adviser and/or its related persons acquired market data, company financial data and economic data), proprietary and third party research reports (including market research), attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, and services related to execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians).

**2. Brokerage for Client Referrals.** From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to clients. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

**3. Directed Brokerage.** The Adviser does not currently permit clients to direct the Adviser to execute such client's trades with a specified broker-dealer.

**B. Order Aggregation.** The Adviser may purchase or sell the same security for many clients contemporaneously and using the same executing broker. To the extent the Adviser allocates securities to more than one client account, trade allocation procedures will be implemented. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In such cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

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**Item 13. Review of Accounts**

**A. Frequency and Nature of Review.** Each client account is reviewed by the Chief Compliance Officer and portfolio manager/managing principal of the Adviser on a periodic basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment objectives, guidelines and/or restrictions, and the performance of each client account.

**B. Factors Prompting a Non-Periodic Review of Accounts.** Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients may trigger reviews of client accounts on an other than periodic basis.

**C. Content and Frequency of Regular Account Reports.** With respect to each client that is a pooled investment vehicle, investors in such clients receive reports from the client pursuant to the terms of such client's offering memorandum or as otherwise described in the offering document of the client.

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**Item 14. Client Referrals and Other Compensation****Economic Benefits Received from Non-Clients for Providing Services to Clients.**

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” relationships. These “soft-dollar” relationships could create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

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**Item 15. Custody**

The Adviser and its affiliate are deemed to have custody of the assets of certain pooled investment vehicles managed by the Adviser and intend to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows; and (ix) amount of trade away fees or other transaction fees. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type divided by the total assets of all accounts eligible to invest in the particular investment.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs losses due to a trade error as a result of the Adviser's gross negligence, fraud, bad faith or willful misconduct (or the gross negligence, fraud, bad faith or willful misconduct of any employee), the trade error will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account. The Adviser is not responsible for the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

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**Item 17. Voting Client Securities**

**Policies and Procedures Relating to Authority to Vote Client Securities.** To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Adviser will abstain from voting or affirmatively decide not to vote if the Adviser determines that abstention or not voting is in the best interests of the client. In making this determination, the Adviser will consider various factors, including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. The Adviser may determine not to vote proxies relating to securities in which clients have no position as of the receipt of the proxy (for example, when the Adviser has sold, or has otherwise closed, a client position after the proxy record date but before the proxy receipt date).

The Adviser's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Steven Bowman (Chief Compliance Officer) by email at [SBowman@aesircredit.com](mailto:SBowman@aesircredit.com) or by telephone at 203-344-3050.

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**Item 18. Financial Information**

This Item is not applicable.

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**Item 19. Requirements for State-Registered Advisers**

This Item is not applicable.



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**Appendix: Item 2. Material Changes**

Other than certain clarifying changes to the brochure, there have been no material changes to the brochure since the Adviser's last annual update on March 28, 2018.