



Armada Investment Management, LTD Brochure

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This Brochure provides information about the qualifications and business practices of Armada Investment Management, LTD. If you have any questions about the contents of this Brochure, please contact us at (917) 338-7779 or by email at eric.anderson@armada-capital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Armada Investment Management, LTD is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about Armada Investment Management, LTD also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2.**Material Changes**

Armada's Brochure has been updated and we note that we have made no material changes since we last filed our Part 2A of Form ADV in March 2018.

We strongly recommend that you review this Brochure in its entirety.

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Item 4. Advisory Business

Armada Investment Management, LTD (“AIM” or “we” or “us”) is a Cayman Islands exempted company which was formed in January 2015. AIM is owned by Armada Capital Management, LLC (50%) and by Alejandro Rojas Domene (50%). Armada Capital Management, LLC (“ACM”) is a Delaware limited liability company owned 100% by Eric Anderson.

AIM provides the investment advisory services described in this brochure together with ACM (the “Relying Adviser”). Armada and the Relying Adviser conduct a single advisory business and share advisory and management personnel, all of which are subject to AIM’s compliance policies and procedures. AIM and the Relying Adviser are referred to herein collectively as “Armada” “we” or “us.”

AIM and the Relying Adviser are the investment manager and adviser, respectively, to the privately offered funds (the “Funds” or individually, a “Fund”). Each Fund is a privately offered Cayman Islands exempted company, exempt from registration under the Investment Company Act of 1940:

- Armada Latin America Opportunity Master Fund Ltd. (the “Master Fund”)
- Armada Latin America Opportunity Fund, Ltd. (the “LAO Fund”) which invests substantially all of its investable assets, through a “master-feeder” structure, in the Master Fund.

The Master Fund primarily invests in securities of companies either located in Latin America, or which have a majority of their business exposed to the economies of Latin America.

Armada may also manage separate accounts from time to time.

In February 2015, AIM entered into an agreement with an affiliate, Armada Partners, SC, a Sociedad Civil formed under the laws of Mexico, for the provision of research and operations services such as trade execution, back office operations and other operational services.

As of December 31, 2018, Armada had approximately \$110,041,861 of discretionary regulatory assets under management.

Item 5. Fees and Compensation

Armada Fund Fees and Expenses

The LAO Fund's fees and expenses are detailed in the offering memorandum and should be consulted for a complete description of fees, expenses and definitions of applicable terms.

The Master Fund accrues and pays monthly to AIM and the Relying Adviser a management fee (the "Management Fee") equal on an aggregated basis to a percentage of the net asset value of Shares of the LAO Fund as follows: (i) 1/12 of 2.0% of the net asset value of each Series of Class A and Class B Shares; (ii) 1/12 of 1% of the net asset value of each Series of Class C, and Class D Shares, and (iii) 1/12 of 1.25% of the net asset value of each Series of Class E, Class F, Class G and Class H Shares calculated as of the first day of each calendar month (pro rated for periods of less than one month) prior to any accrual for, or payment of, any Management Fee or Performance Allocation (as defined below). The Management Fee is payable in arrears as of the last business day of each calendar month or upon an investor's redemption of its shares in the LAO Fund.

The LAO Fund may enter into arrangements with investors to pay lower fees or have different financial arrangements than other investors.

The Funds also accrue and pay a performance allocation (the "Performance Allocation") to an affiliate of AIM. The Performance Allocation is calculated at the Master Fund level for the LAO Fund. The Performance Allocation that corresponds to each Series of each Class A, Class B, Class E, Class F, Class G and Class H Share, shall equal 20% of the increase in net asset value in excess of the loss carryforward for such investor's account for any performance period in which a loss carryforward is reduced to zero (including realized and unrealized gains and net of any Management Fee payable with respect thereto and determined on an accrual basis of accounting) of the Class and/or Series issued to a investor in the LAO Fund. The Performance Allocation that corresponds to each Series of each of Class C and Class D Share, the Performance Allocation shall equal 10% of the increase in net asset value in excess of the loss carryforward for such investor's account for any performance period in which a loss carryforward is reduced to zero (including realized and unrealized gains and net of any Management Fee payable with respect thereto and determined on an accrual basis of accounting) of the Class and/or Series issued to a investor in the LAO Fund. The Performance Allocation shall be allocated to the holder of the Class B Share at the Master Fund level.

Generally, each of the Funds bears its own costs and expenses related to its investments and its operations, including, without limitation, research expenses; legal fees; expenses of the continuous offering of Shares, including the cost of producing and distributing offering memoranda; printing and mailing costs; filing fees and expenses; accounting, audit, and tax preparation expenses; data processing costs; the fees of the Fund's Board of Directors; the out-of-pocket expenses of members of the Board of Directors and any consultant fees; tax, litigation, and extraordinary expenses, if any; interest expenses (including interest due to repurchase agreements and borrowing by the Fund); custody fees, bank charges, brokerage commissions (including options trades), spreads, mark-

ups on securities, swaps and forwards, short dividends, currency hedging costs, the Administrator's fee, the fees and out-of-pocket expenses of the administrator to the Funds and the Master Fund's board of directors, and other investment and operating expenses.

Costs and expenses specifically attributable to a particular Class and or Series will be allocated to such Class and/or Series, including but not limited to costs and expenses associated with hedging transactions.

Item 6. Performance-Based Fees and Side-By-Side Management

As described in Item 5, the Funds charge performance-based fees. The receipt of performance-based compensation may create an incentive for Armada to make investments that are riskier or more speculative than would be the case in the absence of a performance-based compensation arrangement. In addition, varying fee structures for different accounts may create an incentive for Armada or its affiliates to favor one account over another in the allocation of investment opportunities and allocation of aggregated trade orders that are partially filled.

Item 7. Types of Clients

Armada is the investment manager to the Funds. Investors in the Funds may include, without limitation, state and municipal entities, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments, foreign sovereign wealth funds and other types of investors.

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

A. Methods of Analysis & Investment Strategies

The descriptions set forth in this brochure of specific investment strategies that Armada utilizes to manage the Funds is not exhaustive. Investors should refer to the Funds' investment strategy as set forth in the confidential private placement memorandum for the Funds.

Latin American Long/Short Equity

The Latin American Long/Short Equity Strategy primarily invests in the securities of companies either located in Latin American or which have a majority of their business exposed to the economies of Latin America. Armada seeks to generate consistent absolute returns using three core strategies:

1. Long Positions – investments in long positions where Armada believes the long term intrinsic value of the equity is undervalued/under appreciated in the market place.

2. Short Positions – short positions in companies with deteriorating earnings and business fundamentals.
3. Pair Trades – trades where Armada believes the fundamentals and market dynamics of one company or country are poised to outperform the other.

Armada pursues an investment approach based on bottom up fundamental analysis. Armada combines its bottom up fundamental analysis at the security level with a macro and political risk overlay.

The investment team discusses and vets each investment decision. The investment team conducts targeted company visits and conducts its analyses using internal models for discounted cash flow, “sum of the parts”, net asset value, relative valuation, fundamental scoring and flows, among others.

B. Investment Risks

Armada’s clients should be aware that investments in securities involve significant risks, including the loss of capital. While Armada hopes to moderate this risk of loss through a careful selection of investments, there is no guarantee or representation made that an investment strategy will be successful. Armada’s investment strategies may be subject to wide swings in value. Armada follows an investment policy that, if unsuccessful, could involve substantial losses. Although Armada has the flexibility to react to changing market conditions, adverse changes in a company’s situation could involve substantial losses.

Prospective and current investors should carefully consider, among other factors, the risks described below. These risk factors and the descriptions are not meant to be an exhaustive listing of all potential risks. Prospective and current investors in the Funds should consult the Funds’ offering memorandum, which provides detailed descriptions of investment risks and other risks associated with investments in the Funds.

Institutional and Counterparty Risk

Investment strategies may involve instruments such as swaps and, in particular, total return swaps, that are conducted via “over-the-counter” or “interdealer” markets, and may also include unregulated private markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange based markets. This creates exposure to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss.

The ability to transact business with any one or number of counterparties, the lack of any meaningful or independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses.

Investment and Repatriation Restrictions

Some emerging markets have laws and regulations that currently preclude direct foreign investment in the securities of companies listed and traded on the stock exchanges in these countries. However, indirect foreign investment is permitted in certain emerging markets through investment funds that have been specifically authorized. If the Master Fund invests in such investment funds, it will indirectly bear expenses of such investment funds.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets. The Master Fund could be adversely affected by delays in, or a refusal to grant any required governmental registration or approval for, such repatriation or by withholding taxes imposed by emerging market countries on interests or dividends paid on securities held by the Master Fund or gains from the disposition of such securities.

Region Concentration

The Master Fund primarily invests in the securities of companies either located in Latin American or which have a majority of their business exposed to the economies of Latin America. Economic and political developments in such Latin American countries, including future economic changes or crises (such as inflation or recession), government deadlock, political instability, terrorism, civil strife, changes in laws and regulations, and exchange controls could adversely affect the value of the securities in which the Master Fund invests.

Volatility

The prices of the instruments traded by the Master Fund have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions.

The use of “short selling” securities (as described in more detail below) may further exacerbate volatility.

Market Disruptions

The Master Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which the Armada bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

A financial exchange may from time to time suspend or limit trading. Such a suspension could render it impossible to liquidate positions and thereby exposing the Master Fund to losses. There is also no assurance that non-exchange markets will remain liquid enough to close out positions.

Currency Risk

An investment in securities, which are denominated in, and all payments in respect of which are to be made in, a currency other than the Master Fund's "home currency" entails significant risks that are not associated with a similar investment in a security denominated in the home currency. Depreciation of the local currency against the relevant home currency could result in a decrease in the effective return on the underlying investment and, in certain circumstances, could result in a loss to the investor on a home currency basis.

Interest Rates

The market prices of fixed income investments, including the debt obligations that may be purchased and sold in the Master Fund, are substantially dependent upon interest rate levels in the relevant financial markets, in addition to such factors as credit risk and financial condition relating to particular issuers.

Long and Short Equity Investments

Armada employs a fundamental stock selection approach when making both long and short equity investments, and as a result, the Fund's returns are substantially dependent upon long-term price appreciation or depreciation in the securities selected for the Master Fund's portfolio of investments. The Master Fund's portfolio of investments are exposed to a broad variety of risks which affect individual securities and the market generally, including issuer and event risks, broad market movements, general investor sentiment and economic and political developments. Such risks are, at times, hedged, either by short selling or other techniques employed to limit losses or generate profits in declining markets. In addition, equity securities, such as common stock, generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. As a result, if an issuer winds up or liquidates, the Master Fund may experience a partial or complete loss in such issuer's equity security.

Directional Trading / Directional Nature of Strategy

Armada employs a directional trading strategy for the Master Fund, based on its views about specific macro themes or bottom-up analysis of individual issuers. As a result, returns are substantially dependent upon the outcome of those investment views. There can be no assurances that Armada's views are in fact accurate. Nor can there be any assurances that prices of such individual issuers' securities will increase or decrease in line with Armada's projection and analysis. Further, a substantial period of time may elapse between the Master Fund's purchase of such securities and the market price of such securities reflecting a specific macro theme.

Event Driven / Distressed Securities

The Master Fund may invest in securities of enterprises that are subject to extraordinary corporate events such as mergers, buy-backs, reorganizations, bankruptcy or restatements. Distressed securities in particular may involve a substantial degree of risk.

It is frequently difficult to obtain information as to the true condition of such issuers. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, it may sometimes be difficult to enforce and collect on these obligations. It is anticipated that certain instruments purchased for the Master Fund will be non-performing and possibly in default. The Master Fund may lose a substantial portion or all of its investment in a distressed company or a company that becomes distressed after investment and may be required to accept cash or securities with a value less than the Master Fund's original investment.

Relative Value Arbitrage Transactions (Pair Trading)

Armada will attempt to exploit what it believes to be valuation disparities of the securities of separate companies in the same or similar industries by purchasing the securities of a company that Armada perceives as undervalued relative to a specific peer entity while simultaneously selling short the securities of an industry peer. If the valuations of the securities return to historically appropriate levels, Armada will attempt to unwind the position at a profit by selling the securities of the previously undervalued entity and covering the short position in the peer entity. Armada will also attempt to exploit what it believes to be valuation disparities between countries or between a company and country or sector indices. Armada believes that exchange traded funds on most Latin American equity indexes facilitate the execution of these strategies. The Master Fund engages in relative arbitrage transactions where it will attempt to exploit valuation disparities between different securities. Unforeseen events could occur which materially alter the outcome of the relative value trade and result in a loss.

Equities

Equities invested in the Master Fund may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Equity prices are directly affected by issuer specific events, as well as general market conditions. Equity investments are subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. In addition, in many countries investing in common stocks is subject to heightened regulatory and self regulatory scrutiny as compared to investing in debt or other financial instruments. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

Investments in Unlisted Securities

Investments in unlisted securities are intrinsically riskier than in listed securities as the unlisted securities may be of issuers that are smaller and more vulnerable to changes in markets and technology and are also dependent on the skills and commitment of a small management team. Investments in unlisted securities can be difficult to realize and investors may have to accept in-kind distributions of such securities.

Non-U.S. Securities, Non-U.S. Currencies and Emerging Markets

The Master Fund invests primarily all of its assets in U.S. listed ADRs and securities of non-U.S. issuers or securities denominated in non-U.S. currencies. Investing in non-U.S. securities and/or currencies may present a greater degree of risk than investing in U.S. securities due to possible exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less regulation, less favorable tax provisions (including possible withholding taxes), war or expropriation. In particular, the dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions abroad and with changes in relative currency values.

The strategy employed by Armada for the Master Fund entails investment in the securities (or instruments thereto) of less developed countries or countries with new or developing capital markets (“Emerging Markets”). The value of Emerging Market securities may be adversely affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Master Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. Some of the countries in which the Master Fund may invest have experienced political, economic and/or social instability. Many such countries have also experienced dramatic swings in the value of their national currency. The economies of many of the Emerging Market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Emerging Market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates, which could affect the Master Fund adversely. The currencies and securities purchased, and the instruments relating thereto entered into may lack a liquid trading market, which may result in the inability of the Master Fund to sell such security or currency or to close out a transaction, thereby forcing the account to incur potentially unlimited losses. Foreign investment in the Emerging Market countries is in some cases restricted. Many of these countries have non-convertible currencies and the value of investments may be affected by fluctuation in available currency rates and exchange control regulations. The remittance of profits may therefore be restricted, and the Master Fund may need to utilize swaps, participation agreements, loans, and other indirect investment techniques to access markets and remit profits.

Small Capitalization and Mid-Capitalization Financial Instruments

While the financial instruments of a small and mid-cap issuer may offer the potential for greater capital appreciation than investments in financial instruments of large-cap issuers, financial instruments of small and mid-cap issuers may also present greater risks. For example, some small and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their financial

instruments may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in financial instruments of larger-cap issuers. The market prices of financial instruments of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in financial instruments of small and mid-cap issuers may be higher than in those of large-cap issuers.

Derivatives in General

The Master Fund may make use of various derivative instruments, such as convertible securities, futures, forwards, and interest-rate, credit default, total return, currency and equity swaps. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Master Fund's assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Commodities, Futures and Options

The prices of commodities contracts, including futures and options, are highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Master Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties. In general, the Master Fund may buy or sell (write) both call options and put options, and when the Master Fund writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Master Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Master Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Master Fund may enter into, the principal risks involved in options trading can be described as follows: When the Master Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Master Fund's investment in the option (including commissions). The Master Fund could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options. When the Master Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Master Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Master Fund might suffer as a result of owning the security.

Over-the-Counter Derivatives

In addition to trading on U.S. futures exchanges, Armada may leverage trading and investments through the use of derivatives on the OTC market. Where consistent with the investment mandate, the Master Fund may invest in over-the-counter options, structured notes and other complex derivative instruments which seek to modify or replace the investment performance of the Master Fund or particular securities on a leveraged basis. These transactions present certain risks different from the risks of trading on U.S. exchanges. The OTC markets are not as significantly regulated as the exchange-traded markets and do not always involve the use of a central counterparty, such as a clearing house or derivatives clearing organization, and, accordingly, there are certain risks related to trading OTC instruments, including the absence of daily price

limits and the increased risk of counterparty default, in addition to the risks of trading derivative instruments.

There is no established secondary trading market, and it is unlikely that a secondary market will develop, for structured over-the-counter options and other similar derivatives. There also may be restrictions on transfer, as well as termination fees.

Limited Liquidity

Some investments may have limited liquidity and therefore may be difficult to dispose of on a timely and efficient basis. For example, in the high yield context, although some high-yield obligations have substantial public markets, high-yield bonds generally are purchased and sold through dealers who make markets in such securities for their own accounts. However, there are fewer dealers in the high-yield debt market than in the market for many higher rated financial instruments, and consequently there is less secondary liquidity even under normal economic conditions. Also, there may be significant disparities in the prices quoted for high-yield bonds by various dealers. Adverse economic conditions and investor perceptions (whether or not based on economic fundamentals) may further impair the liquidity of this market and may cause the prices the Master Fund realizes on its high-yield holdings to be reduced.

In general, limited liquidity can affect the timing and price of Master Fund transactions and result in an inability to realize gains and additional exposure to loss. The Master Fund may experience difficulty in liquidating a portion of its portfolio when necessary to meet the Master Fund's liquidity needs or in response to a specific event, such as a deterioration in the creditworthiness of the issuer. Under such conditions, judgment may play a greater role in valuing certain of the Master Fund's portfolio securities than in the case of securities trading in a more liquid market.

Model Risk

Certain of Armada's strategies require the use of analytical valuation models that it has developed. As market dynamics shift over time (for example, due to changed market conditions and participants), a previously highly successful model often becomes outdated or inaccurate, perhaps without Armada recognizing that fact before substantial losses are incurred. When models prove to be incorrect, misleading, or incomplete, any decisions made in reliance thereon expose the Master Fund to potential risks. For example, by relying on models, Armada may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. There can be no assurance that Armada will be successful in continuing to develop and maintain effective analytical models, and the necessity of continuously updating these models demonstrates that the Armada's past successful results may not be representative of the Fund's future performance.

Securities Lending

In general, the Master Fund may borrow and lend securities and may do so not only with third parties but also with other clients of Armada or of its affiliates.

Parties that borrow securities from the Master Fund may not be able to return these securities on demand (possibly causing the Master Fund to default on its obligations to other parties) and may also default on the payment obligations owed to the Master Fund in connection with such securities loans, potentially resulting in substantial losses to the Master Fund. The Master Fund may lose the entire value of the securities it lends to defaulting borrowers.

Concentration of Investments

The Master Fund's investment portfolio, on account of size, investment strategy and other considerations, may be confined to the securities of relatively few issuers. The Master Fund's portfolio may at times be moderately or heavily concentrated. Although market economists have expressed differing views as to the effectiveness of diversification in reducing investment risk, concentration of investments in a limited number of industries or industry groups is generally regarded as increasing both relative investment risk and potential volatility.

Short Sales

As an integral part of Armada's trading strategies for its long/short strategies, it routinely "sells securities short." A short sale is effected by selling a security which the Master Fund does not own, or selling a security which the Master Fund owns but which it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the Master Fund must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The Master Fund must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must be collateralized by a deposit of cash or marketable securities with the lender. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Master Fund. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by the Master Fund. Furthermore, the Master Fund may prematurely be forced to close out a short position if a counterparty from which the Master Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been ultimately a profitable position.

Hedging

Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the Master Fund securities or other objective of Armada; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate spread, or other market movements not anticipated by Armada; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could

worsen the Master Fund's position; and (v) default or refusal to perform on the part of the counterparty with which the Master Fund's trades. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy could be affected by implementation of various regulations. Armada does not, in general, attempt to hedge all market or other risks inherent in the Master Fund's positions, and hedges certain risks, if at all, only partially. Specifically, Armada may choose not, or may determine that it is economically unattractive, to hedge certain risks, either in respect of particular positions or in respect of the Master Fund's overall portfolios. The Master Fund's portfolio composition may result in various directional market risks remaining unhedged.

Armada enters into hedging transactions with the intention of reducing or controlling risk. Even if Armada is successful in doing so, the hedging will reduce the Master Fund's returns. Furthermore, it is possible that Armada's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

Leverage

The Master Fund may trade and invest on a leveraged basis. Losses incurred on the Master Fund's leveraged investments increase in direct proportion to the degree of leverage employed. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls.

Trading on Exchanges Outside of the United States

The Master Fund may trade futures interests on exchanges located outside the United States, where the protections provided by U.S. regulations do not apply. Some non-U.S. commodity exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance with respect to a futures interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of trading on non-U.S. exchanges, the Master Fund is subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Master Fund. The Master Fund also may not have the same access to certain trades as do various other participants in non-U.S. markets.

Item 9. Disciplinary Information

Armada does not have any material legal or disciplinary events to disclose with respect to itself or its employees.

Item 10. Other Financial Industry Activities and Affiliations

Armada is affiliated with the Relying Adviser which serves as the adviser to the Funds.

Mr. Rojas Domene owns 99.9% of Maya Capital S.A. de C.V., which provides investment advisory services to a Canadian domiciled hedge fund whose assets are substantially invested in the LAO Fund.

Armada manages the Funds, which are exempt from registration under the Investment Company Act of 1940 and are distributed to qualified investors as private placements.

Item 11. Code of Ethics

Armada has adopted a code of ethics pursuant to Advisers Act Rule 204A-1 (“Code of Ethics”). The Code of Ethics applies to Armada’s access persons (which term includes all Armada employees, officers and directors) and sets forth a standard of business conduct that takes into account Armada’s status as a fiduciary and requires access persons to place the interests of clients and investors above their own interests. The Code of Ethics requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code of Ethics to the attention of Armada’s Chief Compliance Officer. All access persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.

The Code of Ethics incorporates the following general principles that all employees are expected to uphold:

- We must at all times place the interests of our clients first.
- All personal securities transactions must be conducted in a manner consistent with the Code of Ethics and avoid any actual or potential conflicts of interest or any abuse of an Employee’s position of trust and responsibility.
- Employees must not take any inappropriate advantage of their positions at the Firm.
- Information concerning the identity of securities and financial circumstances of the Funds and the Investors must be kept confidential.
- Independence in the investment decision-making process must be maintained at all times.

Armada’s Code of Ethics also addresses:

- Prohibition on insider trading and misuse of material, non-public information
- Anti-bribery
- Personal trading by our Employees
- Receipt and provision of gifts and entertainment
- Outside business activities
- United States political contributions restrictions

The personal trading section of the Code of Ethics requires all Armada principals, officers, and employees to identify their personal brokerage accounts, to periodically

submit holdings and transaction reports and to obtain pre-approval before making any personal investments in certain securities. The approval process for personal securities transactions is designed to prevent conflicts between personal trades and client trades. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees that are the same as, different from, or made at a different time than positions taken for the Funds. All such cases are subject to the prior review and approval by the Chief Compliance Officer.

The gifts and business section of the Code of Ethics places restrictions on the acceptance and provision of gifts and business entertainment, and requires pre-approval for acceptance or provision of gifts and business entertainment above established thresholds.

The outside business activities section of the Code of Ethics requires employees to obtain pre-approval for serving on boards of directors of any outside company or engaging in any outside business ventures. The approval process is designed to prevent conflicts between personal activities and the interest of Armada and its clients.

The United States political contributions section of the Code of Ethics establishes procedures and restrictions for compliance with the SEC's "Pay-to-Play Rule."

Investors or prospective clients or investors may obtain a copy of Armada's Code of Ethics by contacting Armada by email at eric.anderson@armada-capital.com or by telephone at (917) 338-7779.

Securities in which Armada or a Related Person Has a Material Financial Interest

Armada serves as the investment manager to the Funds. Armada and related persons may also invest directly in the Funds. Any significant ownership interest by Armada, its affiliates, and their related persons in the Funds could motivate Armada to make different investment decisions from those which would have been made in the absence of such possible conflict of interest. Nevertheless, consistent with its fiduciary duties, Armada will only invest the assets of the Funds after forming a reasonable belief that such an investment is in the best interest of the Funds.

Item 12. Brokerage Practices

A. Execution of Client Trades

Armada (through services provided by its affiliate, Armada Partners, SC) seeks best execution in conducting trades on behalf of the portfolios it manages. Armada considers best execution not to be simply the lowest commission cost for a transaction, but a process to obtain the best overall qualitative execution for transactions.

Armada considers a range of factors when approving brokers-dealers for use and selecting broker-dealers for transactions, including, but not limited to:

- Quality of execution—accurate and timely execution, clearance and error/dispute resolution
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to commit capital
- Access to underwritten offerings and secondary markets
- Ongoing reliability
- Overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the Firm's knowledge of negotiated commission rates currently available and other current transaction costs
- Nature of the security and the available market makers
- Desired timing of the transaction and size of trade
- Confidentiality of trading activity
- Market intelligence regarding trading activity
- The receipt of brokerage or research services

Armada does not consider client referrals from a broker-dealer or third party when approving brokers-dealers for use and selecting broker-dealers for transactions.

B. Soft Dollar Practices

Armada may direct some transactions for execution to a particular broker-dealer in recognition of brokerage and research services provided by those broker-dealers in accordance with Section 28(e) of the Securities Exchange Act of 1934. The practice of obtaining research in this manner is referred to as using “soft dollars.” Sometimes soft dollar transactions can cause clients to pay a commission rate higher than would be charged for execution only transactions. Products and services received through soft dollar transactions may be produced by the broker-dealer itself or obtained from other third-party providers, and may include, among other things, a wide variety of research reports, such as market, financial and economic statistics, studies and forecasts, and information regarding economic and political developments.

Armada currently uses soft dollars for third-party services which, based on their use, are only partially paid for through soft dollars. Any such service is considered “mixed-use” because it is used by Armada both for research or brokerage and for non-research, non-brokerage purposes. In each case, Armada seeks to make a good faith determination of which portion of the service should be paid for with soft dollars and which portion should be paid for with hard dollars (i.e., the firm’s own assets).

The research products/services provided by broker-dealers through soft dollar arrangements may be used in formulating investment advice for any and all clients of Armada. Armada may give trading preference to a broker-dealer that provides research products and services, either directly or indirectly, only so long as Armada believes that

the selection of that particular broker-dealer is consistent with Armada's duty to seek best execution.

Armada is not obligated to direct transactions to any broker-dealer in exchange for soft dollar commissions and may choose to pay for all or a certain portion of soft dollar eligible products and services with hard dollars. Soft dollar credits/deficits may be carried over from year to year but deficits will not constitute an implied contract or generate expectations that Armada is obligated to direct a particular amount of brokerage transactions or pay such amounts in return for services provided.

By virtue of conducting business with broker-dealers, Armada may receive certain economic benefits from such broker-dealers, which would not be received if it did not transact through such broker-dealers. These benefits may include, but are not limited to: access to an electronic communication network for order entry and account information; receipt of proprietary research; and participation in broker-dealer sponsored research and capital introduction conferences. Broker-dealers generally provide these services at no additional cost. Armada understands that the benefits received through its relationship with the broker-dealers generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the broker-dealers. It is the understanding of Armada that broker-dealers do not set discrete prices for such products and services. Accordingly, Armada does not separately compensate these broker-dealers for the provision of these services.

C. Trade Error Policy

Armada exercises due care in making and implementing investment decisions on behalf of the Funds. Nevertheless, trade errors may occur from time to time. Armada endeavors to detect and correct any trade errors in an expeditious manner. In general, Armada will seek to make the affected client whole for losses suffered by the client as a result of a trade error caused by Armada and client gains caused by trade errors will be credited to the affected client. Soft dollars may not be used, either directly or indirectly, to correct trade errors.

D. Client Directed Brokerage

Armada does not typically have arrangements where clients request Armada to direct their account's transactions through certain brokers.

Item 13. Review of Accounts

The Funds' portfolios are reviewed daily by the portfolio manager responsible for the Funds.

Armada provides performance and attribution reporting to LAO Fund investors on a monthly basis. Armada arranges for the delivery of audited financial statements to investors in the Funds within 120 days of the Funds' fiscal year-end.

Armada provides performance and attribution reporting to separate account clients on a quarterly basis or otherwise negotiated with the client. The separate accounts' qualified custodians send quarterly account statements directly to the separate account clients.

Item 14. Client Referrals and Other Compensation

Armada does not receive any economic benefit from anyone other than the Funds as a result of the provision of investment advice or other advisory services to the Funds.

Item 15. Custody

Although the assets of the Funds are maintained with qualified custodians, Armada is considered to have custody of the Funds' assets due to the relationships with affiliates that serve as advisers and providers of operations and research services to the Funds, and because the Funds have authorized Armada to directly debit fees owed to Armada from their accounts. In accordance with the applicable regulatory requirements, Armada arranges for the delivery of audited financial statements to investors in the Funds within 120 days of their fiscal year-end.

Item 16. Investment Discretion

Armada has discretionary authority to manage the assets of the Funds it manages in a manner that is consistent with the objectives and strategies set forth in the applicable fund offering documents.

Item 17. Proxy Voting

Because Armada has been delegated proxy voting authority on behalf of the Funds, Armada has proxy voting policies and procedures that are designed to ensure that the action that Armada takes with respect to a proxy is in the best interests of the Funds.

Armada has adopted proxy voting procedures which include the use of an independent proxy voting service and a proxy manager (the "**Proxy Manager**") who will, absent conflicts of interest, determine how Armada should vote each proxy, and carry out the actions to vote such proxy and maintain the required records. The Proxy Manager will ensure that the proxy votes are submitted properly and in a timely fashion.

Armada has currently identified no conflicts of interest between the interests of the Funds and its own within its proxy voting process. Nevertheless, if Armada determines

that it is facing a conflict of interest in voting a Fund proxy, its procedures provide for Armada to not vote the proxy.

Clients and investors may obtain a copy of Armada's proxy voting policies and procedures and information Armada's proxy voting record by contacting Armada by email at eric.anderson@armada-capital.com or by telephone at (917) 338-7779.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State Registered Advisers

Not applicable.