

# **Wynwood Capital, LLC**

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**March 22, 2019**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Wynwood Capital, LLC. If you have any questions about the contents of this brochure, contact us at 646-251-8213. 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.

Additional information about Wynwood Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Wynwood Capital, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 22, 2018, we have the following material changes:

- Wynwood Capital may recommend investment in a broad variety of investments including, but not limited to, foreign exchange currencies, equity and debt securities, structured products, mutual funds, and exchange traded funds ("ETFs") though it expects to recommend other investments in accordance with its judgment and its Clients' investment guidelines. Refer to *Item 4- Advisory Business* for further information.
- Wynwood Capital monitors Client accounts on an ongoing basis however, we will no longer provide regular performance reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s). Refer to *Item 4- Advisory Business* and *Item 13-Review of Accounts* for further information.
- Fixed Fee Arrangements. Wynwood Capital charges fees according to a fixed-fee arrangement depending upon the scope and complexity of the services rendered. Refer to *Item 5-Fees and Compensation* for further information.
- We do not have any soft dollar arrangements. Refer to *Item 12- Brokerage Practices* for further information.

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## **Item 4 Advisory Business**

### **Section A. THE COMPANY**

Wynwood Capital, LLC ("Wynwood Capital" or "the Firm" or "we") is organized as a limited liability company under the laws of the state of Florida and is registered as an investment adviser with the SEC. Wynwood Capital has been in business since 2016.

### **OWNERSHIP**

Wynwood Capital is solely owned by Roney Balson.

### **Section B. TYPES OF ADVISORY SERVICES**

Wynwood Capital provides non-discretionary investment sub-advisory services regarding securities and non-securities. For the avoidance of any doubt, Wynwood Capital will not have custody over Client accounts or assets.

Wynwood Capital may recommend investment in a broad variety of investments including, but not limited to, foreign exchange currencies, equity and debt securities, structured products, mutual funds, and exchange traded funds ("ETFs") though it expects to recommend other investments in accordance with its judgment and its Clients' investment guidelines.

### **Section C. OVERVIEW OF ADVISORY SERVICES**

#### **Advisory Services**

Given the customized nature of Wynwood Capital's services, the processes described below are not required for every Client account. Furthermore, it is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected as the result of several factors, including, without limitation, the following:

- Pre-existing (or "legacy") portfolio exposures;
- Regulatory constraints that apply to certain accounts but not to others;
- Investment constraints imposed by the Client; and
- The amount of cash available for investment at certain times.

As a result of factors such as these, accounts may have a different investment portfolio and, resultantly, different performance results, from other accounts even though the accounts have substantially similar investment objectives. In addition, there may be circumstances when one account will sell a security while another account may purchase the security on the same day.

Wynwood Capital's specialization is not in one given instrument or asset class, but rather in the ongoing process of assessing Client objectives, developing an appropriate asset allocation to best achieve those objectives and modifying that allocation when risks and opportunities are present. Given that its sub-advisory services are non-discretionary in nature, Wynwood Capital merely recommends investment transactions, and Clients may or may not follow Wynwood Capital's recommendations. Non-discretionary portfolio management services require Wynwood Capital to obtain the Client's

specific consent to each transaction, while discretionary services do not. Non-discretionary Clients in all cases make the final decisions regarding transactions, even in cases where Wynwood Capital facilitates the communication with their custodians or other financial entities. Accordingly, non-discretionary Clients may forego a particular recommended transaction, or a particular transaction may be delayed, if Wynwood Advisors cannot obtain the Client's prior consent.

Wynwood Capital is responsible for making portfolio recommendations on behalf of its Clients. The advisory process typically encompasses the following steps:

1. Listen to the Client and Understand the Account's Asset Base: Wynwood Capital works closely with the Client to understand, among other things, the following:

- Account priorities;
- The current portfolio structure and managers;
- Income needs;
- Tax status;
- Family structure; and,
- Estate planning strategies and structures.

2. Design the Portfolio: Wynwood Capital creates a portfolio that balances risk and return on an after-tax and after-fee basis. The design is then formalized in an investment policy statement, or agreement. At some point during this stage, we may use third-party software to obtain and chart various statistics for differing time periods, asset allocation structures, and potential capital market environments. Designing the portfolio is a multi-faceted task, which can include (among other elements) an understanding and articulation of the following:

- Asset allocation (at multiple levels);
- Asset location (e.g., selecting the appropriate accounts for specific investments); and,
- Client-imposed constraints (e.g., avoiding certain stocks or sectors), including unmanaged assets.

3. Recommend Investments Consistent with the investment policy statement: Wynwood Capital primarily recommends managed investment products, such as mutual funds, exchange traded funds (ETFs), separate account managers, hedge funds, funds-of-funds, and private equity partnerships. Employing a truly "open architecture" approach, Wynwood Capital endeavors to select the investment strategies in each asset class to achieve the Client's strategic portfolio. It is important to note that Wynwood Capital not only seeks to identify best-of-breed managers, but to combine them in a thoughtful manner that creates an optimal portfolio. At the outset of a new advisory relationship, this step represents the transition from the Client's current holdings and managers toward the recommended portfolio. Rather than recommending a transition for the sake of expediency, Wynwood Capital takes a reasoned approach that considers taxes, trading costs, and market timing risks.

4. Review, Monitor and Report on the Portfolio. Wynwood Capital monitors Client accounts on an ongoing basis. When appropriate, Wynwood Capital will recommend subsequent modifications to the portfolio (e.g., manager changes, tactical asset allocation tilts).

#### **Section D.**

#### **WRAP FEE PROGRAMS**

Wynwood Capital does not participate in wrap fee programs.

## **Section E.**

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2018, Wynwood Capital had approximately \$124,934,616 in non-discretionary assets under management and no discretionary assets under management.

## **Item 5 Fees and Compensation**

**Fixed Fee Arrangements.** Wynwood Capital charges fees according to a fixed-fee arrangement depending upon the scope and complexity of the services rendered. Fixed fees are negotiable and will be determined on a case-by-case basis, depending on such factors as the nature and complexity of the services, staffing arrangements, and size of the asset base. All fees will be agreed upon in advance with the Client.

The fixed-fee hourly rate begins at \$575.00 USD.

Generally, fees are charged quarterly in arrears, and thus, such fees will be prorated for any partial period of investment advisory service. Because Wynwood Capital reserves the right to negotiate fees, certain clients pay more or less than others depending on certain factors, including but not limited to, the type and size of the account, the level and complexity of service provided, and the total amount of assets managed for a single Client.

Clients may pay other fees as such as brokerage commissions, transaction fees and transfer taxes, and other fees and taxes charged to brokerage accounts and securities transactions.

**Out-of-Pocket Expenses.** In addition to fees, Clients may be responsible for certain out-of-pocket expenses for reasonable and direct costs incurred by Wynwood Capital on the Client's behalf. These out-of-pocket expenses may include, but are not limited to, travel costs and expenses, copying, telephone calls, facsimile charges, messenger and/or express delivery services, and special research items. Wynwood Capital will provide its Clients with an invoice containing a detailed description of such expenses as necessary.

## **Item 6 Performance-Based Fees**

Wynwood Capital is not compensated with fees based on a share of capital gains on or capital appreciation of the assets of a Client, otherwise known as Performance-Based Fees.

## **Item 7 Types of Clients**

Wynwood Capital provides non-discretionary portfolio management investment advice to small and medium-sized investment advisers, primarily located offshore.

There are no requirements for clients to open or maintain accounts.

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

### **Section A.**

#### **METHODS OF ANALYSIS**

Wynwood Capital's methods of analysis include charting, fundamental, technical and cyclical.

- **Charting** - In this type of technical analysis, charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Also charts of market, security and economic data are used to help identify the timing of the market moving up or down and to predict how long trends may last and when trends might reverse. A chart is an historical record of price movements. Charting will often reveal patterns that repeat over and over with the same outcome but there is no guarantee in finding these tendencies and patterns or that historical records are an indicator of current or future movements.
- **Fundamental** - Fundamental analysis is using real data to evaluate a security's value. For example, fundamental analysis can be performed on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating a security.
- **Technical** - This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although the market can act in irrational ways. Technical analysis purports to see repeatable patterns in similar market conditions, but any one of many factors may alter the outcome of an otherwise similar situation.
- **Cyclical** - There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks: going up and down, reflecting the current stage of the business cycle. There are a wide variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, car-manufacturing, mining, home-building, fertilizer production and many others. Their main feature is that their profits and thus stock prices follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.

The main sources of information that Wynwood Capital uses includes publicly available sources, such as newspapers, company press releases, timing services, annual reports, trade journals, corporate rating services and contact with outside analysts, as well as Wynwood Capital's own assessment of the financial consequences of world events.

## **Section B.**

### **INVESTMENT STRATEGIES USED TO IMPLEMENT INVESTMENT ADVICE**

Any investment advice provided by Wynwood Capital to Clients is based on a number of factors, including, but not necessarily limited to, the Client's investment objectives, risk tolerances, asset-class preferences, time horizons, liquidity needs, expected returns, and an assessment of current economic and market views expressed by economists, analysts, banks, and securities firms, all in accordance with such Client's Investment Guidelines.

Wynwood Capital intends initially to recommend a wide variety of equity and debt securities, structured products, mutual funds and ETFs (including precious metals ETFs and ETFs focusing on concentrated geographic areas). However, Wynwood Capital will likely recommend various other types of investments in differing percentages whenever, in Wynwood Capital's judgment, developments so warrant, all in accordance with the Client's Investment Guidelines.

## **Section C.**

### **RISK OF LOSS**

**Investing in securities involves risk of loss that Clients should be prepared to bear.** All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Depending on the type of security, your account may face the following investment risks:

**Equity Risk** - Investments in equity securities generally involves a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

**Market Risk** - The success of Client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in Client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

**Extraordinary Events** - Global terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

**Potential Concentration** - Client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

**Small Capitalization Companies** - Client portfolios may have assets invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact Client portfolios.



**Large Company Risk** - Large cap stocks can perform differently from other segments of the equity market of the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

**Private Companies**- Client portfolios may suffer losses through their investments in securities purchased in secondary market transactions or private placements. Wynwood Capital may recommend principal investments in securities through secondary market transactions or through direct investment in private companies through private placements. Investments in private companies may require the Client to bear the economic risk of its investment for an indefinite period of time because, among other reasons, the interest in the company has not been registered under the Securities Act of 1933 (the "Securities Act") or under the securities laws of certain states and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless it is subsequently registered under the Securities Act and under applicable securities laws of such states or an exemption from such registration is available. There may not be a secondary market for the interest in the private company through which a Client could sell or dispose of its holdings.

**Increased Regulations**- Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Market Liquidity Risks**- The value of securities held in Client accounts and that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in general. Market disruptions could lead to violent price swings in securities held within Client portfolios and could result in substantial losses.

**Non-U.S. Investments**- We may recommend that Clients invest in securities (*debt, equity, currencies, derivatives, etc.*) domiciled outside the United States. Such investments expose the portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

**Short Sales, Leverage and Derivatives** - Short sales, leverage, and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investments suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a "short squeeze" that could lead to accelerating losses for those short that particular security.

**Fixed Income Risks** - Investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors.

Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

**Structured Notes with Principal Protection Risks** - Wynwood Capital may recommend structured notes with principal protection. Such notes typically combine a bond with a derivative component which typically offers a full or partial return of principal at maturity. The underlying asset, index or benchmark can vary widely from commonly cited market benchmarks to foreign equity indices, currencies, commodities, spreads between interest rates or hybrid baskets of various asset types. Any promise to repay some or all of the cash invested by the Client will depend on the creditworthiness of the issuer of the note, which means the Client could lose all of its money if the issuer goes bankrupt. Some of these notes have conditions to the protection and only offer partial protection, so the Client could lose principal even if the issuer does not go bankrupt. In addition, you will typically only receive principal protection if the note is held to maturity. Moreover, if you need to cash out before maturity, there may not be a secondary market to sell the note or, even if a secondary market exists, the note may be quite illiquid and you could receive substantially less than the purchase price.

**Other Funds** - Wynwood Capital may recommend that Clients invest in unaffiliated private funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with us) (collectively, "Other Funds and Managers"). These Other Funds and Managers will charge their own management and other fees, so that if Clients invest in them, Clients will bear an additional level of fees and expenses. Some of these funds may pay fees to Wynwood Capital. Also, U.S. mutual funds generally must distribute all gains, including to investors who may not have an economic gain, which can lead to negative tax effects on investors, particularly non-U.S. persons. Wynwood Capital may also invest in exchange traded funds, unit investment trusts, or other similar vehicles designed to track the performance of a specific index or sector. These Other Funds may have unique risks of loss as described in their offering documents.

**ETF Risk** - An ETF's net asset value ("NAV") changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. An ETF's performance could depend heavily on the performance of an industry or group of industries and could be more volatile than the performance of less concentrated funds. In addition, because certain ETF's may invest a significant percentage of their assets in a single issuer, such an ETF's performance could be closely tied to one such issuer and could be more volatile than the performance of other, more diversified, funds.

The market price of ETFs during the trading day, like the price of any exchange-traded security, includes a "bid/ask" spread charged by the exchange specialist, market makers, or other participants that trade the particular security. In times of severe market disruption, the bid/ask spread can increase significantly. At those times, ETFs are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of ETFs are falling fastest, which may be the time that the Client most wants to sell its interest in an ETF.

A lack of liquidity can lead to wide bid/ask spreads. Wider spreads may have a negative impact on the Client's returns when it buys or sells ETFs. Lack of liquidity may also cause an ETF to trade at a large premium or discount to NAV, meaning that the Client may overpay for a portfolio when buying or obtain less than the basket of securities is worth when selling.

## Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Wynwood Capital's business or the integrity of our management.

## Item 10 Other Financial Industry Activities and Affiliations

### **Section A. BROKER DEALER**

No management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **Section B. COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISER**

Neither Wynwood Capital nor any of its management persons is registered or has an application pending to register as a Future's Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser or associated person.

### **Section C. OTHER RELATIONSHIPS AND/OR ARRANGEMENTS MATERIAL TO ADVISORY BUSINESS**

Neither Wynwood Capital nor its management has any relationship or arrangement with related persons that is material to its advisory business or to Clients.

### **Section D. Selection of Other Investment Advisers**

Wynwood Capital does not delegate its responsibilities to other investment advisers.

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

### **CODE OF ETHICS**

Pursuant to SEC Rule 204A-1, Wynwood Capital has adopted a written Code of Ethics ("Code") that sets forth standards of conduct and federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. All employees review and acknowledge reviewing the Code annually. Code violations may result in disciplinary action or dismissal. Wynwood Capital will provide a copy of its Code to any Client or prospective Client upon request. Please contact Wynwood Capital at the address or phone number listed on the face of this Brochure to request a copy.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Wynwood Capital may act as investment manager to numerous clients. Wynwood Capital may give advice and take action with respect to any accounts it manages that may differ from action taken by Wynwood Capital on behalf of other accounts. Wynwood Capital is not obligated to recommend for purchase or sale or to refrain from recommending for purchase or sale any security that Wynwood Capital or its access persons, as defined by rules under the Advisers Act and the 1940 Act, may buy or

sell for their own accounts or for the accounts of any other Client. Wynwood Capital is not obligated to refrain from investing in securities held by accounts that it manages, except to the extent that such investments violate the Code adopted by Wynwood Capital.

Certain Wynwood Capital officers, members, and employees ("Related Persons") may also be Clients or investors. Wynwood Capital may invest client accounts in, among other things, securities in which Wynwood Capital or its Related Persons have a financial interest. Wynwood Capital or its Related Persons may purchase for themselves securities or other investments which one or more Clients own, previously owned, or will own in the future. As these situations may represent a potential conflict of interest, Wynwood Capital has adopted procedures relating to personal securities transactions and insider trading, both of which are described below, that are reasonably designed to prevent actual conflicts of interest.

If it is appropriate to buy or sell a security at the same time for both a Client, upon the Client's prior instruction, and a Related Person, combined orders may be placed and if any order is not filled at the same price, prices obtained may be allocated among accounts on an average basis. Placing combined orders is not required. There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a client, subject to the overriding principle that the interests of Clients must come before the interests of Wynwood Capital or its Related Persons.

Wynwood Capital may manage simultaneously parallel accounts, in some cases with similar objectives, but with differing fees to Wynwood Capital. Wynwood Capital also may similarly manage simultaneously certain accounts that may hold short positions in a security for which other managed accounts are long. Wynwood Capital's policy is to manage each account independently and fairly and recognizes and seeks to control the conflicts of interests inherent in such practices.

#### ***Restrictions on Personal Securities Transactions***

To address the conflicts of interest that arise with the personal trading of Wynwood Capital employees, the Code prohibits certain types of personal securities transactions. This policy specifies certain permitted personal investments and establishes reporting and preclearance requirements and enforcement procedures. The Code also includes guidelines relating to insider trading and gifts. Employees are permitted to buy and sell the same securities that are held in Client accounts only if the trades occur at the same time or after the trades for Clients. Employees must submit their brokerage statements quarterly to the Compliance Officer for review and archiving. Employees may purchase and sell securities for their own accounts that have also been recommended to Clients. The Code is designed to assure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of Clients. Nonetheless, because the Code permits employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client.

#### ***Disclosure of Personal Investments***

Wynwood Capital principals and employees may maintain personal brokerage accounts subject to the firm's Code. Access persons as defined under the Advisers Act are required to provide a quarterly report to the Chief Compliance Officer, or other designated person, showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material conflicts. These reports are monitored regularly to seek to reasonably prevent conflicts of interest between Wynwood Capital and its Clients. There is an inherent conflict of interest between our fiduciary duty of best execution for our Clients and the apparent self-interest of employees trading in the same securities contemporaneously.

Wynwood Capital personnel may receive or give certain gifts and gratuities or travel/entertainment from or to broker-dealers or other persons with whom Wynwood Capital does business. This may include such things as tickets to sporting events, or the theater, meals and other entertainment, transportation, attendance at seminars or other educational, training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays, weddings, anniversaries, and other gifts of more substantial value. Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for Wynwood Capital in selecting brokers and dealers and other service providers to the extent that Wynwood Capital has been given the prior approval to make such selections.

### ***Insider Trading Policy***

Wynwood Capital may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, Wynwood Capital may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless if such other person is a client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, clients and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, Clients when following policies and procedures designed to comply with law.

The Code also contains a policy, adopted in accordance with Advisers Act Section 204A, which establishes procedures to prevent the misuse of material nonpublic information by supervised persons. Supervised persons are prohibited from trading, either personally or on behalf of others, while in possession of material nonpublic information in violation of the law. Any supervised person who fails to observe the aforementioned policies risks serious sanctions, including dismissal and personal liability.

## **Item 12 Brokerage Practices**

### **SELECTION CRITERIA FOR BROKERS AND DEALERS**

Wynwood Capital does not have discretion to determine the particular securities or amounts of such securities to be bought and sold. Wynwood Capital will make recommendations to Clients and after receiving Client approval may place orders for the execution of investment transactions with or through such brokers, dealers, issuers or other persons as Wynwood Capital may select. Wynwood Capital may recommend the services of any broker-dealers when trading securities.

Wynwood Capital may recommend allocating transactions to such brokers and dealers for execution on such markets, at such prices, and at such commission rates, mark-ups or mark-downs as in the good faith judgment of Wynwood Capital are in the best interest of the Client. If such transaction fees exceed what another broker or dealer may have charged for the same transaction, Wynwood Capital will determine in good faith that the amount of such fees is reasonable.

In addition to prices and rates, Wynwood Capital may also take into consideration other factors including, but not limited to, execution and process capabilities and general services such as (i) research, (ii) account evaluation, analysis and/or performance and (iii) database and/or market information services.

To the extent Wynwood Capital is operating solely in a sub-advisory capacity and merely recommending asset allocations or transactions to investment adviser clients without playing any role in transaction execution, Wynwood Capital will not recommend brokers or other execution channels unless expressly requested to do so.



## **COMMISSION RATES OR EQUIVALENTS**

It is our policy, where applicable, to seek the best net price and execution for its transactions, taking into account all relevant factors. However, this responsibility shall not obligate Wynwood Capital to solicit competitive bids for each transaction or to seek the lowest available commission cost. Wynwood Capital has controls in place for monitoring execution in Client portfolios in an attempt to ensure best execution in Client portfolios. The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions.

To the extent Wynwood Capital is operating solely in a sub-advisory capacity and merely recommending asset allocations or transactions to investment adviser clients without playing any role in transaction execution, Wynwood Capital will not recommend brokers or other execution channels unless expressly requested to do so.

## **"SOFT DOLLAR" OR RESEARCH/EXECUTION POLICY**

We do not have any soft dollar arrangements.

## **BROKERAGE FOR CLIENT REFERRALS**

We may consider, in selecting or recommending broker-dealers, whether we receive client referrals from a broker-dealer or third party. This creates conflicts of interest as we may have an incentive to select or recommend a broker-dealer based on our interest in receiving client referrals, rather than on our Clients' interest in receiving most favorable execution.

## **DIRECTED BROKERAGE POLICY**

Clients may, under certain circumstances, negotiate transaction rates and fees directly with a broker-dealer and direct Wynwood Capital to use a broker or dealer to execute any or all portfolio transactions for the account. Wynwood Capital will in its sole discretion attempt to accommodate such a request but only if it is reasonable and Client understands that such actions may result in not receiving best execution.

Where a Client directs the use of a particular broker-dealer, or broker-dealers, Wynwood Capital may not be in a position where it can negotiate commission rates or spreads or obtain volume discounts; thus, best price may not be achieved. In addition, transactions for a Client that directs brokerage may not be aggregated with orders for the same securities for other accounts managed by Wynwood Capital. Trades for a Client that has directed use of a particular broker or dealer may be placed at the end of aggregated trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the Client receiving less favorable pricing. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices, including minimum ticket charges, than might be the case if Wynwood Capital could negotiate commission rates or spreads freely or select brokers or dealers based on best execution. Wynwood Capital may also have a potential conflict of interest if the directed broker has referred the Client or other Clients to Wynwood Capital.

## **AGGREGATION**

Aggregation or "blocking" of Client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges. Note aggregating may increase cost to Clients. Wynwood Capital does not generally block trade, but on occasion may do so. In such circumstances, block trading will be performed on a case-by-case basis. Nevertheless, Wynwood Capital will treat all client accounts fairly over time.

Wynwood Capital may not engage in aggregation or blocking for a variety of reasons including, but not limited to, investment guidelines, goals, or restrictions; tax, legal or regulatory considerations; and other relevant business considerations.

## **Item 13 Review of Accounts**

### **PORTFOLIO REVIEWS**

Wynwood Capital reviews client accounts and portfolios periodically as it deems appropriate in its judgment depending upon the account needs and conditions of each market. Reviews may be undertaken because of change in market conditions; change of security positions; request by a Client for a meeting; or changes in a Client's investment objective or policies. Performance of accounts in connection with objectives, security positions and other investment opportunities, commitment to any one industry and commitment to any one security are among the matters that may be discussed.

### **CLIENT REPORTS**

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

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

Wynwood Capital does not receive any economic benefits other than fixed fees paid to the firm by its Clients. Wynwood Capital and its employees may benefit from non-economic benefits from the use of soft-dollar arrangements. Wynwood Capital and its representatives do not receive any economic benefits from any third parties with respect to the advisory services offered to Clients. Product sponsors or other third parties may offer Wynwood Capital representatives invitations to training sessions, due diligence visits, or other meeting or events at the expense of the third party. These invitations are not offered directly as a result of any amount of business placed with the third party, but the volume of business placed with a particular party may be indirectly related.

Wynwood Capital may make payments to third parties who recommend potential investors; however, Wynwood Capital currently has no such referral arrangements.

## **Item 15 Custody**

Clients may receive account statements directly from Wynwood Capital. Broker-dealers or other qualified custodians, may also send Clients account statements, as applicable, and Clients should review those statements and carefully compare them against any statements received by Wynwood Capital.

## **Item 16 Investment Discretion**

Wynwood Capital does not have discretionary authority over the assets of any accounts of its Clients. Wynwood Capital will make recommendations regarding the investment of Client assets in accordance with Client's Investment Guidelines. The implementation of all investment decisions shall require Client's approval or instructions and Client is solely responsible for all investment decisions made with respect to its Account.

## **Item 17 Voting Client Securities**

Wynwood Capital does not on behalf of Clients vote proxies or provide advice with regard to any proxies solicited by the issuers of securities in which assets of an Account are managed by Wynwood Capital or held in a Client Account during the related designated investment period.

## **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Wynwood Capital's financial condition. Wynwood Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy proceeding.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.
2. Show parenthetically the market or fair value of securities included at cost.
3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

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

This Section is not applicable because Wynwood Capital is not a state-registered investment adviser.