

**PART 2A OF FORM ADV**  
**FIRM BROCHURE**



**SAND GROVE CAPITAL MANAGEMENT, LLP**  
**4<sup>TH</sup> FLOOR, 35 DOVER STREET**  
**LONDON, UNITED KINGDOM W1S 4NQ**  
**+44 20 3770 8610**

**FEBRUARY 11, 2019**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Sand Grove Capital Management, LLP (“Sand Grove”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**If you have any questions about the contents of this Brochure, please contact Sand Grove’s Chief Compliance Officer, Maggie Kadziolka, at +44 203 770 8610 and/or by email at [compliance@sandgrovecapital.com](mailto:compliance@sandgrovecapital.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Sand Grove is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

An investment adviser is required to identify and discuss any material changes made to this Brochure since its last annual update. This is Sand Grove's initial firm Brochure. As such, there are currently no material changes to be noted in response to this Item 2.

### ITEM 3 - TABLE OF CONTENTS

**Page**

ITEM 2 – MATERIAL CHANGES .....	i
ITEM 3 - TABLE OF CONTENTS.....	ii
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION .....	2
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..	4
ITEM 7 – TYPES OF CLIENTS .....	5
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	6
ITEM 9 – DISCIPLINARY INFORMATION .....	12
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.	13
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
ITEM 12 – BROKERAGE PRACTICES.....	16
ITEM 13 – REVIEW OF ACCOUNTS.....	18
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	19
ITEM 15 – CUSTODY .....	20
ITEM 16 – INVESTMENT DISCRETION .....	21
ITEM 17 – VOTING CLIENT SECURITIES.....	22
ITEM 18 – FINANCIAL INFORMATION .....	23

## ITEM 4 – ADVISORY BUSINESS

### A. General Description of Advisory Firm

Sand Grove Capital Management, LLP, an England and Wales limited liability partnership (“Sand Grove”), was founded in July 2014 by its principal owner and Chief Investment Officer, Simon Davies. Sand Grove’s main activity is investment management of funds investing in event driven strategies. Sand Grove currently provides discretionary investment advisory services to the clients described below.

### B. Description of Advisory Services

Sand Grove tailors its advisory services to the individual needs and specified investment mandate of its pooled-investment vehicles, but the investment management agreements do not require Sand Grove to tailor its services to the needs of specific underlying investors. Where deemed appropriate, Sand Grove or an affiliate will enter into advisory and/or side letter agreements that contain investment guidelines and restrictions agreed upon with those investors. An investment in a pooled-investment vehicle does not, in and of itself, create a client-adviser relationship between any underlying investor and Sand Grove.

Sand Grove currently manages the following pooled-investment vehicles:

- Sand Grove Opportunities Master Fund Ltd., a Cayman Islands exempted company (the “Master Fund”); and
  - Sand Grove Opportunities Fund LP, a Delaware limited partnership (the “Onshore Fund”)
  - Sand Grove Opportunities Fund Ltd., a Cayman Islands exempted company (the “Offshore Fund”) (together with the “Onshore Fund”, the “Feeder Funds”)
- Sand Grove Tactical Fund LP, a Cayman Islands limited partnership (the “Tactical Fund”).

The Feeder Funds invest all of their investable assets in the Master Fund. Each of the Tactical Fund, the Onshore Fund, the Offshore Fund and the Master Fund may be referred to individually in this Brochure as a “Fund”, and collectively as the “Funds”. Sand Grove Opportunities Fund GP, Ltd., a Cayman Islands exempted company (the “General Partner”), is the general partner to the Onshore Fund and the Tactical Fund. Sand Grove Capital Management (Cayman) LP (the “Manager”) serves as the manager to the Funds. The General Partner and the Manager are affiliates of Sand Grove, and to the extent the qualifications and business practices of the General Partner and the Manager are substantially similar to those of Sand Grove, no specific mention of the General Partner or Manager is made herein.

Additionally, Sand Grove provides investment sub-advisory services to a segregated portfolio of a pooled investment vehicle (the “Account” and, together with the Funds, the “Advisory Clients”). Sand Grove has discretionary authority to manage the Account, which is subject to investment objectives, guidelines, restrictions, and fee arrangements, as well as other terms that are individually negotiated with the primary investment manager for the Account and set forth in an investment management agreement.

### C. Wrap Fee Programs

Sand Grove does not participate in wrap fee programs.

### D. Assets Under Management

As of January 31, 2019, Sand Grove had approximately \$3,138,701,844 of regulatory assets under management (“RAUM”) on a discretionary basis. Sand Grove does not manage any assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### A. Advisory Fees and Compensation

The fees applicable to each Advisory Client are set forth in detail in each Advisory Client's governing documents. It is critical that investors and prospective investors refer to the relevant governing documents for specific fee schedules and for a complete understanding of how Sand Grove or its affiliates are compensated for investment advisory services. A brief summary of such fees is provided below.

#### Asset-Based Compensation

Each Fund investor pays the Manager or the General Partner a monthly management fee (the "Management Fee"). The Management Fee is based on an investor's capital account balance or net asset value of the shares on the last day of the relevant month and is charged monthly in arrears. The Management Fee for any period that is less than one month is prorated. If additional subscriptions are made to a Fund during a month, the Management Fee is prorated and charged at the time of such subscription. The Management Fee for the Account is individually negotiated pursuant to the agreement between Sand Grove and the primary investment adviser of the Account.

#### Performance-Based Compensation

For the non-U.S. domiciled funds, at the end of each fiscal year, such Funds pay the Manager an incentive allocation or fee based on the net capital appreciation attributable to each Fund investor's capital account or series of shares (the "Incentive Fee"). For the Onshore Fund, generally at the end of each fiscal year, the Funds reallocate an Incentive Fee based on the net capital appreciation attributable to each investor's capital account to the capital account of the General Partner. The Incentive Fee will be subject to customary high-watermarks. Generally, any net loss for a fiscal year allocated to a capital account of an investor or series of shares, as the case may be, is carried forward each fiscal year so that no Incentive Fee is due from such capital account or series of shares, as applicable, for a particular year unless these losses have been recouped. In the event a Fund investor is permitted or required to withdraw or redeem completely or partially from the Funds other than at the end of the fiscal year, the Incentive Fee with respect to such Fund investor will be crystallized.

Sand Grove also receives an annual performance-based fee from the Account, subject to a high-watermark, in the amounts set forth in the agreement between Sand Grove and the primary investment adviser of the Account.

To the extent Sand Grove is subject to the requirements of Section 205 of the Advisers Act, the performance-based compensation received by the Manager or the General Partner is paid in compliance with Rule 205-3 under the Advisers Act.

#### Waiver of Fees

In Sand Grove's sole discretion, the Management Fee and/or Incentive Allocation may be and have been waived, reduced or calculated differently with respect to certain investors, including, without limitation, investors that are members, shareholders, partners, affiliates or employees of Sand Grove or its affiliates.

### B. Other Fees and Expenses

The Funds shall bear their own expenses, which include, but are not limited to: investment expenses (e.g., expenses that, in the General Partner's, Manager's, or Sand Grove's discretion, are related to the investment of the Funds' assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial and depository fees, bank service fees and interest expenses); professional fees (including expenses of consultants,

investment bankers, attorneys, accountants and other experts) relating to investments; third party research (including investment research and corporate access fees); administrative expenses (including fees and expenses of the administrator and other similar service providers); legal expenses; external accounting and valuation expenses; audit and tax preparation expenses; fees of the directors of the General Partner, the Master Fund and the Offshore Fund; costs relating to directors' and officers' liability insurance; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including filing fees); listing fees; organisational expenses; expenses incurred in connection with the offering and sale of the Funds' interests and other similar expenses related to the Funds; indemnification expenses; and extraordinary expenses related to the Funds and their operations and assets.

Any expenses attributable to a particular series of interests will be allocated solely to such series. To the extent that expenses to be borne by the Funds are paid by the General Partner or Sand Grove, the Funds will reimburse such party for such expenses.

If any of the expenses listed above are incurred jointly for the account of multiple Advisory Clients, such expenses will be allocated among the Advisory Clients in proportion to the size of the investment made by each to which such expense relates, or in such other manner as Sand Grove or an affiliate considers fair and equitable.

The Account is subject to expense arrangements, as well as other terms that are individually negotiated with the primary investment manager of the Account, as set forth in the investment management agreement.

#### **C. Additional Compensation and Conflicts of Interest**

Sand Grove, its affiliates and its supervised persons do not accept compensation (*e.g.*, broker commissions) for the sale of securities or other investment products.

As further discussed in Item 11, Sand Grove may make co-investment opportunities available to the investors of Advisory Clients or third parties, based on suitability and availability, for which it may receive performance-based compensation. Because co-investors may not be identified and/or may not agree to invest until relatively late in the investment process, or for other reasons, co-investors may not bear their proportionate share of investment-related expenses.

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

As described in Item 5 above, Sand Grove (or an affiliate) receives performance-based compensation from the Funds. All Advisory Clients are subject to performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

As previously described in Item 4, Sand Grove’s clients are all private pooled-investment vehicles or similar investment entities and consist of the Funds and the Account. Investors in the Funds and the Account consist of institutional investors and other sophisticated investors. Investors in the Funds must meet certain eligibility requirements which generally require an investor to qualify as an “accredited investor” as defined in Rule 501 under Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and “knowledgeable employees”. Investors also need to meet additional requirements set forth in the subscription agreements for the Funds. The initial or additional subscription amounts are set forth in the governing documents for each Advisory Client.



## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

*Descriptions set forth in this Brochure of specific advisory services that Sand Grove offers to Advisory Clients, investment strategies pursued, and investments made by Sand Grove on behalf of its Advisory Clients, should not be understood to limit in any way Sand Grove's investment activities. Sand Grove may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that Sand Grove considers appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies that Sand Grove pursues are speculative and entail substantial risks. Advisory Clients should be prepared to lose some or all of their investments. There can be no assurance that the investment objectives of any Advisory Client will be achieved or that Sand Grove's attempts to manage risk will be successful.*

### **Methods of Analysis, Investment Objective and Strategy**

Sand Grove pursues a fundamental value-biased approach to event-driven strategies by seeking to exploit opportunities across the capital structure, including equity, equity derivatives, loans, bonds, CDS, options and other derivative instruments. Such opportunities include, but are not limited to risk arbitrage, special situations, stressed/distressed investments and capital structure arbitrage. The Advisory Clients have a global mandate, with a European-focus, and Sand Grove invests opportunistically with no pre-defined asset allocation, generally seeking to benefit from structurally inefficient pricing across the capital structure. Sand Grove believes that event-driven investing is attractive, as significant mispricings of securities in issuers' capital structure may arise from the complexity around a particular situation, or catalyst Sand Grove's research process is characterized by a deep and continuous analysis of the changing event dynamics and further supported by a rigorous bottom-up fundamental approach placing emphasis on metrics such as the business' cash flow, asset quality, and valuation.

Sand Grove's investment process is as follows:

- i. Identification of an opportunity
- ii. Analysis of the catalyst and all potential outcomes
- iii. Analysis of the capital structure, examining all potentially investable securities or financial instruments (satisfying certain potential criteria such as minimum liquidity requirements) and their respective pricing of the event risk and reward outcomes
- iv. Investment selection - the comparison of Sand Grove's expectation of outcomes with the market's expectations across the capital structure, along with an appreciation of why they may be different from the consensus view, in order to look for deeply mispriced situations that have a strong upside potential versus low downside risk
- v. Decisions to purchase or sell securities or financial instruments based on the prior steps
- vi. Continual reassessment of steps ii. through iv. and execution of v. to facilitate effective risk management attempts

Sand Grove believes this continual reassessment of complete multi-disciplinary analysis done consistently, with an appreciation and avoidance of investor biases and how they may interfere with any of the above stages, should lead to effective investment performance and risk management.

As part of its portfolio management process, Sand Grove seeks to limit downside exposure by identifying investments it believes offer the optimal balance of risk/return, while also taking into consideration factors such as liquidity, market beta exposure and execution costs. A variety of risk management tools including, without limitation, instrument specific, sector-specific, and portfolio-level hedging techniques

are deployed to mitigate other non-event risks to the portfolio (for example, market-risk), when deemed necessary.

## **Risks**

**The descriptions contained below provide a brief overview of certain risks related to Sand Grove's investment strategies. They are not intended to serve as an exhaustive list, or a comprehensive description of all risks associated with the investment strategies or specific types of securities described herein. Investors should refer to the relevant governing documents for a more complete understanding of the investment objectives and strategies applicable to their investments.**

### **Risks Associated with Sand Grove's Investment Strategies**

Risk of Event Driven Investing. Event driven investing requires Sand Grove to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. Losses can result if Sand Grove's predictions are incorrect. Event driven investing is speculative and performance results can fluctuate. The results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Inability to Transact as a Result of Exposure to Material Non-Public Information. From time to time, Sand Grove may and has in the past received material non-public information with respect to an issuer of publicly-traded securities, which could prohibit Sand Grove from transacting in the securities of the issuer. This can result in substantial risk of loss or loss of opportunity if Sand Grove is not able to purchase or sell such security.

Liquidity Risks. Sand Grove may make investments in financial instruments that are not readily marketable or that cease to be readily marketable after Sand Grove makes its investment. Advisory Clients could incur substantial trading losses while access to liquidity is impaired. In addition, in conjunction with a market downturn, counterparties could incur losses of their own, thereby weakening their financial condition and increasing credit risk to them. Further, investments that lack liquidity and/or a readily assessable market value will generally be carried on the books of the Advisory Clients at fair value (which may be approximated by cost) as reasonably determined by Sand Grove. There is no guarantee that fair value will represent the value that will be realised upon the eventual or immediate disposition of the investment.

Leverage. Sand Grove has the discretion to use "leverage" as part of its investment strategy. The use of leverage allows the Advisory Clients to make additional investments, thereby increasing profit on successful investments. However, leverage also magnifies losses, which would be greater than if the capital were not leveraged.

Derivatives and Volatility Risk. Sand Grove's investment strategy involves the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities can adversely affect the value of investments.

Long-Term Investments. Sand Grove at times selects long-term investments that could cause the Advisory Clients to forego value in the short term or temporary investments in order to be able to participate in additional and/or longer-term opportunities in the future.

Uncertain Exit Strategies. Exit strategies are difficult to predict with confidence, particularly with less liquid investments. Exit strategies, which appear to be viable when an investment is initiated, may be unavailable or may be precluded by the time the investment is ready to be realised due to liquidity, economic, legal or other factors, including issuer-specific factors.

Short-term Market Considerations. At times, Sand Grove’s trading decisions are made based on short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Short Selling. Sand Grove’s investment strategy involves short selling. Short selling means selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss and certain unforeseeable events, like natural disasters, could adversely affect the value of equity securities investments.

Hedging Transactions. Sand Grove utilizes financial instruments for hedging purposes for both investment and risk management reasons, as determined in its sole discretion. While Sand Groves enters into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transaction. Importantly, certain risks simply cannot be hedged.

Currency Risks. In addition, Sand Grove may or may not seek to hedge non-US currency exposure where it has invested in financial instruments denominated in non-US currencies. If unhedged, the value of positions denominated in non-US currencies will fluctuate with US Dollar exchange rates in addition to other price changes of the investments and could potentially result in losses to the Advisory Clients if the value of the US Dollar increases. Conversely, a decrease in the value of the US Dollar will have the opposite effect on non-US Dollar investments.

Emerging Market Investments. Sand Groves at times will invest in securities of companies located in emerging countries or issued by the governments of such countries. Such securities involve various risks that could impact the liquidity or valuation of Sand Grove’s investments.

Counterparty Risk. Some of the markets in which Sand Grove effects transactions are not “exchange-based,” including “over-the-counter” or “interdealer” markets. Advisory Clients are subject to the risk of the inability of a counterparty to settle a transaction in accordance with its terms and conditions.

### **Risks Related to Particular Types of Securities**

Equity Securities Generally. Sand Groves trades in equity securities of public and private, listed and unlisted companies. The value of equity securities fluctuates in response to many factors and investors will suffer losses if the market prices of such equity securities decline. There is also a risk that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Micro, Small and Medium Capitalization Companies. Sand Grove may invest in companies with micro, small and medium-sized market capitalizations. Prices of the securities of such companies are more volatile than prices of large-capitalization companies and the risk of bankruptcy or insolvency of such companies (with the attendant losses to investors) may be higher than for larger companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Preferred Stock. Investments in preferred stock involve risks related to preferred stock’s priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Dividends on preferred stock may be cumulative, such that it is possible that no dividends may be paid on the issuer’s common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Convertible/Exchangeable Securities. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument, which could have an adverse effect on Sand Grove's ability to achieve its intended investment objective.

Investments in Initial Public Offerings. Sand Grove at times invests in initial public offerings (or shortly thereafter), which may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, which in turn may contribute to substantial price volatility for such securities. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Unlisted Securities. Unlisted securities involve higher risks than listed securities, particularly with respect to liquidity and investor protection requirements that apply to publicly traded securities.

Restricted Securities. Unless registered for sale under the US Securities Act, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration. The prices realized from sales pursuant to privately negotiated transactions could be less than those originally paid due to lower liquidity. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Debt Securities Generally; Sovereign Debt. Sand Grove may invest in private debt securities and other similar instruments, whether rated or unrated. The issuers of such instruments, including sovereign issuers, may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations.

Sand Grove also may invest in bonds or other fixed income securities, including without limitation "higher yielding" (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace. Further, when investing in bonds of issuers that do not have publicly-traded equity securities, it is more difficult to hedge the transaction. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face various factors that could lead to the issuer's inability to meet timely interest and principal payments. Among other risk factors, high yield securities are generally more volatile, may be subordinated to other outstanding securities or obligations of the issuer, and may not be protected by financial covenants or limitations on additional indebtedness.

With respect to sovereign debt, economic disruptions in certain jurisdictions could lead to increased volatility in equity and other markets and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions. Substantial losses could result from sovereign debt investments in such jurisdictions.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk.

Call Options. Sand Grove may sell or purchase call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The

seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option, if applicable, may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. Sand Grove may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Currencies and Currency-Related Instruments. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors. Sand Grove may invest in undervalued currencies, which may have to be held for a substantial period of time before realization and which may be purchased with borrowed funds, requiring interest payments during such waiting period. Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to Sand Grove's position, investors could forfeit the entire amount of the premium plus related transaction costs.

Commodity-Related Instruments. Sand Grove may trade invest in commodity swap agreements or other commodity-linked derivatives. Commodity-related instruments may be subject to broad price fluctuations that are greater than those of the relevant commodity. The risk of loss can be substantial, including but not limited to transaction costs and a total loss of initial margin funds or any additional funds deposited to maintain the position.

Futures Contracts. Sand Grove may enter into futures contracts, which are highly volatile. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits, which could prevent Sand Grove from promptly liquidating unfavorable positions and could cause substantial losses or loss of opportunity for other desired trades.

Forward Trading. Sand Grove may enter into forward contracts and options, which are not traded on exchanges and are not standardized. There is no limitation on daily price movements and speculative position limits are not applicable. Periods of illiquidity can occur, sometimes of significant duration. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

Stressed and Distressed Obligations. Sand Grove may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. A significant portion of such obligations can be less than investment grade. While such obligations may offer the potential for correspondingly

high returns, these investments involve a substantial degree of risk and potential loss of some or all of the cost of the investment. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Further, in any reorganization or liquidation proceeding relating to a company in which Sand Grove invests, various risks specific to bankruptcy proceedings or protracted litigation will apply.

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

Special Purpose Acquisition Companies. A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Investments in SPACs are speculative, involve a high degree of risk, and are often illiquid.

Asset-Backed Securities. Through the use of trusts and special purpose corporations, various types of assets, including automobile, credit card, student loan and small business loan receivables, are securitized in pass-through structures. Sand Grove may invest either directly or indirectly, in these and other types of asset-backed securities (“ABS”) that may be developed in the future. Numerous structural and legal risks apply, and it should be noted that ABS are not secured by an interest in the related collateral.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Sand Grove and its employees have not been involved in any disciplinary events that require disclosure in response to this Item 9.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration Status**

Neither Sand Grove nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

### **B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

Neither Sand Grove nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### **C. Material Relationships or Arrangements with Related Persons**

Sand Grove acts as an investment manager for the Advisory Clients previously noted herein. Furthermore, as noted in Item 4, affiliates of Sand Grove serve as General Partner to the Onshore Fund and Manager to the Funds. Further, the Manager has appointed Sand Grove Capital Management (Delaware) LP (“Sand Grove US”), Sand Grove’s United States affiliate, as an investment manager to the Funds pursuant to an investment management agreement between Sand Grove US and the Manager, and subject to the supervision of the Manager.

### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

Except as described above, Sand Grove does not recommend or select other investment advisers for its Advisory Clients.



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

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

Sand Grove’s Code of Ethics (the “Code”) describes Sand Grove’s high standard of business conduct and has been designed to comply with the requirements of Advisers Act Rule 204A-1 (“Rule 204A-1”). The Code applies to all “Access Persons”, as such term is defined under Rule 204A-1; all Sand Grove members, partners and employees are deemed to be Access Persons. Among other things, the Code requires that all Access Persons comply with all applicable securities laws and imposes certain procedures concerning potential conflicts of interest and personal trading, as further described herein. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability. A copy of the Code will be furnished upon request. Investors may request a copy of the Code by contacting Sand Grove at the address or telephone number listed on the first page of this Brochure.

Sand Grove also maintains insider trading/market abuse policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information by the Investment Adviser, its principals and employees and their affiliates. Access Persons are required to certify their compliance with the Code and the Insider Trading Policies on a periodic basis.

Further, Sand Grove maintains policies and procedures regarding the giving or receipt of gifts and business entertainment between Sand Grove’s personnel and certain third parties (e.g., vendors, broker/dealers, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. The policy requires monitoring and reporting of certain amounts of gifts and business entertainment that may be provided by personnel to these parties and requires the pre-approval of certain items. Sand Grove specifically monitors for any potential conflicts of interest with respect to individual instances of gifts or entertainment to prevent the interests of Sand Grove and its personnel from being placed ahead of the interests of its Advisory Clients.

### **B. Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest**

Certain of Sand Grove’s affiliates that act as a General Partners have shares of or capital accounts in, and receive the performance based-compensation described in Item 5 above from, the Funds. Further, certain personnel have personal investments directly or indirectly in one or more Funds. The amount of each member’s, partner’s or employee’s personal investment in a Fund may change over time. A member, partner or employee may decide to invest only in certain Funds and not in others, and investors generally will not be provided with notice of Sand Grove member, partner or employee investments in, or withdrawals from, a Fund. Such an investment in one Fund and not another creates a potential conflict of interest in that it could cause Sand Grove to make different investment decisions than if they did not have such a financial ownership interest. Accordingly, Sand Grove has adopted written policies and procedures concerning the allocation of investment opportunities among clients in a fair and equitable manner.

Furthermore, Sand Grove and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the existing clients, and/or may involve substantial time and resources of Sand Grove. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Sand Grove and its affiliates are not devoted exclusively to the business of the existing Advisory Clients but are allocated between the business of the existing Advisory Clients and the management of the monies of future funds and accounts managed by

Sand Grove. Sand Grove uses its best judgment to be fair and equitable to all Advisory Clients to minimize this conflict of interest.

**C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients**

The Code places restrictions on personal trades by Access Persons including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis. Access Persons' personal investment transactions are pre-cleared when necessary and monitored by the Chief Compliance Officer. In order to manage any conflict of interest, such transactions are reviewed in the best interests of clients and are denied by the Chief Compliance Officer if there is risk of potential adverse consequences to Advisory Clients. Contemporaneous trading of securities or instruments that have been purchased or sold on behalf of an Advisory Client is prohibited. Notwithstanding, Access Persons may purchase and sell certain UCITS schemes or similar instruments, mutual funds, life policies, indices, U.S. government and agency securities, fx, municipal securities, unit investment trusts, and money market instruments. Access Persons may also invest in private placements upon pre-approval. Sand Grove, its affiliates and its Access Persons may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Advisory Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients.

**D. Conflicts of Interest Created by Contemporaneous Trading**

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Sand Grove and its affiliates. Sand Grove has established policies and procedures to monitor and resolve conflicts and will endeavour to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

In addition, Sand Grove may give advice or take action with respect to the investments of one or more Advisory Clients that may not be given or taken with respect to other Advisory Clients with similar investment programs, objectives, and strategies. Accordingly, although certain of the Advisory Clients have similar strategies, they may not hold the same securities or instruments and do not achieve the same performance. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients.

Sand Grove and its affiliates may also have ongoing relationships with companies whose securities are in or are being considered for the Advisory Clients. Sand Grove recognizes that conflicts may arise under such circumstances and will endeavour to treat all Advisory Clients fairly and equitably.

**Co-Investments**

Sand Grove may from time to time offer co-investment opportunities to investors in its Advisory Clients and to third parties. Sand Grove is under no obligation to provide co-investment opportunities to investors or to third parties, and any such co-investment opportunity may be offered to one or more third parties and/or some and not other investors. Co-investment opportunities will generally be allocated pro rata among co-investment clients, where sufficient capacity is available. Certain investors are granted a priority right to participate in co-investments opportunities, if insufficient capacity exists once a position is fully sized for all appropriate Advisory Clients. The existence of such a priority right may result in fewer co-investment opportunities for other investors. Additions or monetising such positions will be done simultaneously and will be pro-rated across all participating co-investment clients and comingled funds together, based on their respective target position sizes. Please see Item 4 for a discussion of the incentive allocation and expense considerations concerning co-investments.

## ITEM 12 – BROKERAGE PRACTICES

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

Sand Grove has full discretionary authority to manage its Advisory Clients, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or mark-ups and markdowns paid. Sand Grove's primary consideration in placing transactions with particular brokers is to obtain execution in the most effective manner possible. Sand Grove takes into account a variety of factors, including, but not limited to price, costs, speed, and likelihood of execution. The "total consideration" or price, costs (including execution venue fees), clearing and settlement fees, financing fees and any other fees paid to third parties for execution is only one factor. Sand Grove does not need to obtain the lowest possible execution price for its Advisory Clients on every single occasion; rather it will verify on an ongoing basis that the execution arrangements it has established work well throughout the different stages of the order execution process and are in the best interests of its Advisory Clients. Sand Grove may also, in its discretion, deal directly with a market maker rather than with a broker who is acting on an agency basis. Sand Grove maintains policies and procedures to review the quality of executions, including periodic reviews by its Broker Review Committee.

#### Research and Other Soft Dollar Benefits

Sand Grove does not have any formal or informal soft-dollar arrangements and does not receive any soft dollar benefits from any broker, dealer or other counterparty. To the extent that Sand Grove purchases investment research, it does so consistent with guidance issued by the SEC and the European Commission regarding acceptable methods to pay for investment research under the Markets in Financial Instruments Directive (MiFID II). Sand Grove has elected to pay for all third-party research using payments from a separate research payment account funded by the Funds and the Account, rather than commissions.

#### Brokerage for Client Referrals

Sand Grove does not consider whether Sand Grove or a related person receives Advisory Client referrals from a broker when selecting or recommending a broker. From time to time, brokers assist Sand Grove in raising additional funds from investors and representatives from Sand Grove might speak at conferences or programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors would have the opportunity to meet with representatives of Sand Grove. Currently, neither Sand Grove nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Sand Grove's ability to seek best execution. While Sand Grove's relationship with brokers may influence it in deciding whether to use such broker in connection with brokerage, financing and other activities, Sand Grove will not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, Sand Grove conducts periodic best execution reviews to identify and mitigate compliance risks associated with brokerage relationships.

#### Directed Brokerage

Sand Grove does not recommend, request or require that a client direct Sand Grove or an affiliate to execute transactions through a specified broker-dealer.

## **B. Order Aggregation**

When the purchase and sale of securities is considered to be in the best interest of more than one Advisory Client, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses, with each Advisory Client paying its proportionate share of the total commission and paying or receiving its proportionate share of the total cost or sales proceeds. Advisory execution prices for identical securities purchased or sold on behalf of multiple accounts in any one day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that Sand Grove considers to be equally as favourable to the Advisory Clients as to any other party.

## **C. Trade Error Policy**

In the event that Sand Grove experiences an error with respect to trades made on behalf of the Advisory Clients, Sand Grove will correct such error in accordance with its policies and procedures. Certain trade errors will be borne by the Funds but will generally be borne by Sand Grove. To the extent that a trade error is caused by a counterparty of the Advisory Clients, such as a broker or agent, Sand Grove will seek to recover any related trade error losses from such counterparty.

## **D. Trade Allocation Policy**

Advisory Clients are allocated investment opportunities suitable in light of their respective investment mandate, investment restrictions and guidelines (if any), volume of the order, time horizons, and other relevant factors outlined in Sand Grove's written policies and procedures. Sand Grove determines trade allocation prior to execution and, in the absence of other considerations, generally allocates each trade pro rata among all Advisory Clients for which such trade is appropriate. See Item 11 concerning allocation of co-investment opportunities.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Review of Client Accounts or Financial Plans**

The Advisory Clients are under continuous review by the Chief Investment Officer, as well as Sand Grove's other investment and risk management personnel. Such reviews include a review of existing investments, potential investments, investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. The Chief Investment Officer and other investment team members consider, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

### **B. Factors Prompting Review of Client Accounts Other than a Periodic Review**

A review of a client account may be triggered by any unusual activity or special circumstances.

### **C. Content and Frequency of Account Reports to Clients**

Fund investors are expected to receive the following: unaudited monthly investor statements; monthly investor letters; annual audited financial statements within 120 days of the fiscal year end; and a Schedule K-1 for the Fund investors in the U.S. domiciled Funds only. Additionally, U.S. investors in the Offshore Fund will be provided with annual documentation relating to ownership in a Passive Foreign Investment Company ("PFIC").

The Account receives weekly and monthly reporting, among other reporting, as specified by the Account.

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

Sand Grove does not receive economic benefits from non-clients for providing investment advice or other advisory services. Sand Grove does not currently make cash or other payments directly in return for investor solicitations.

## **ITEM 15 – CUSTODY**

As Sand Grove acts as investment adviser to the Funds and has related persons that act as general partner to certain of the Funds, and because Sand Grove or an affiliate has the authority to obtain client funds or securities, Sand Grove may be deemed to have custody of client assets under the provisions of SEC Rule 206(4)-2 (the “Custody Rule”). To the extent that Sand Grove is subject to the Custody Rule, it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Fund investors should carefully review such statements. The Funds would also be subject to audit upon liquidation and the audited financial statements will be distributed to all investors promptly after the completion of such audit.

Sand Grove is not deemed to have custody of the Account.

## **ITEM 16 – INVESTMENT DISCRETION**

Sand Grove has complete investment discretion over the portfolios of the Funds. There are no specific limitations placed on this authority, provided that Sand Grove will exercise its discretionary authority in accordance with the investment objectives and strategy and applicable limitations, if any, set forth in applicable offering documents or other governing agreements of each Fund. Sand Grove or an affiliate of Sand Grove has entered into an investment management agreement, or similar agreement, with each Fund or its general partner, as applicable, pursuant to which Sand Grove or an affiliate was granted discretionary trading authority. Each Fund investor must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

Sand Grove has discretionary authority to manage the Account. The Account is subject to investment objectives, guidelines, and restrictions, and fee arrangements, as well as other terms that are individually negotiated with the Account investment manager and set forth in an investment management agreement.



## **ITEM 17 – VOTING CLIENT SECURITIES**

Sand Grove understands and appreciates the importance of proxy voting. Sand Grove will vote any proxies it receives in the best interests of its Advisory Clients and in accordance with set compliance procedures.

Sand Grove will identify any conflicts that exist between the interests of Sand Grove and its Advisory Clients by reviewing the relationship with the issuer of each security to determine if Sand Grove or any of its members, partners or employees has any financial, business or personal relationship with the issuer. If a conflict of interest exists, the Advisory Clients will exercise voting rights in accordance with their investment objectives and policies and Sand Grove or any of its members, partners or employees will either have the option to vote in the same direction as the Advisory Clients or take no action in respect to their vote. Note that Sand Grove does not use proxy advisory firms.

Sand Grove keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, and internal documents created that were material to voting decisions and each request for proxy voting records and Sand Grove's response for the previous five years.

Investors with any questions about Sand Grove's proxy policy, its proxy record-keeping procedures or who would like any detailed information about how proxies are actually voted, should contact Sand Grove at the address or telephone number listed on the first page of this Brochure.

## **ITEM 18 – FINANCIAL INFORMATION**

Sand Grove has never been the subject of a bankruptcy petition and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.