

OTUS CAPITAL MANAGEMENT LIMITED

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www.otuscapital.com

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This brochure provides information about the qualifications and business practices of Otus Capital Management Limited ("**Otus Capital**", the "**Adviser**", "**we**", "**us**", "**our**" or the "**Firm**"). If you have any questions about the contents of this brochure, please contact Paul Hale, Otus Capital Management Limited's Chief Financial Officer and Chief Compliance Officer ("CCO"), at +44 20 7227 0005 or by email at p.hale@otuscapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about Otus Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This brochure forms part of Otus Capital's initial filing with the SEC in September 2016. Therefore, this section is not applicable.

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Item 4: Advisory Business

Otus Capital is a private limited company incorporated in the United Kingdom. The Firm was established in October 2000 by its founding director and CEO, Andrew Gibbs. The Firm's principal office is located at 29 Queen Anne's Gate (6th floor), London, SW1H 9BU, United Kingdom. Otus Capital is authorised and regulated to carry on an investment business by the United Kingdom's Financial Conduct Authority.

The Firm provides investment advisory services to clients on a discretionary basis. Otus Capital's discretionary advisory services are offered to clients either by way of segregated accounts or through The Maga Smaller Companies Fund, a Cayman Island domiciled master-feeder privately pooled investment vehicle (from here on in referred to as the "**Fund**").

The Fund is managed in accordance with its own characteristics and is not tailored to the individual requirements of each investor in the Fund (each an "**Investor**" and collectively the "**Investors**"). Information about the Fund can be found in its offering documents, including the confidential information memoranda.

The Firm currently also provides discretionary advisory services to 'The Regents of the University of Michigan Managed Account (the "Segregated Account") in accordance with the Investment Management Agreement, dated 15th August 2015.

For both the Fund and the Segregated Account (collectively referred to as the "**clients**"), the objectives are to achieve capital appreciation through focused long/short and long only equity investments in European smaller companies.

Principal Ownership of the Firm

Otus Capital is wholly owned by Andrew Gibbs.

Assets under Management

As of March 31, 2018 the Firm managed approximately US\$634.4mn of Regulatory Assets Under Management on a discretionary basis.

Item 5: Fees and Compensation

The Fund

Otus Capital receives an annual management fee (the "**Investment Management Fee**") from the Fund of 1/12 of 1.5 per cent per month of the net asset value of the Fund (before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees (as defined below)) as at each valuation day, i.e. the last business day of the month, payable monthly in arrears. The Investment Management Fee is deemed to accrue on a daily basis.

Fees are deducted from the Fund's accounts by the administrators instructing the Fund's custodian(s).

The Fund also pay the costs and expenses of (i) all transactions carried out by them or on their behalf and (ii) the administration of the Fund, including:

- (a) the charges and expenses of legal advisers and auditors;
- (b) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions;
- (c) all taxes and corporate fees payable to governments or agencies;
- (d) Fund directors' fees (if any) and expenses;
- (e) interest on borrowings, including borrowings from the prime brokers;
- (f) communication expenses with respect to investor services and all expenses of meetings of Investors and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- (g) the cost of insurance (if any) for the benefit of the Fund directors;
- (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- (i) the cost of maintaining the listing of the class A shares on the Irish Stock Exchange and/or any other exchange;
- (j) costs incurred with brokers and other intermediaries in arranging access for the Firm to the senior management of corporate issuers; and
- (k) all other organisational and operating expenses.

Such fees and expenses are charged at normal commercial rates. The Fund bears its pro rata share of any fees and expenses incurred by the Fund through its investment therein.

The amount of the fees and expenses charged to the Fund will depend on a number of factors including, but not limited to, portfolio turnover, level of borrowings and transaction costs. There are no maximum amounts in respect of such fees and expenses borne (directly or indirectly) by Investors in the Fund.

Segregated Account

The Segregated Account is charged a monthly management fee (the "Management Fee") at an annual rate of 1.25% of the net assets of the Segregated Account (before deduction of the Management Fee and any accrued Performance Fee (as defined below)).

The Segregated Account shall pay for its organizational and initial offering expenses as well as for all operating expenses including, but not limited to, all accounting, auditing, tax preparation, legal, administration, custodian and trading costs. The Segregated Account may incur brokerage and other transaction costs.

Otus Capital and its employees do not accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

Otus Capital receives a performance allocation (the "Performance Fee") of 20% from the Fund and 15% from the Segregated Account.

Performance based fee arrangements may create an incentive for Otus Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Otus Capital has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7: Types of Clients

The Firm's clients are the Fund and the Segregated Account. The Fund advised by Otus Capital relies on the 3(c)(7) exemption. Investors must meet the requirements for a "qualified purchaser" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

The Firm as of the 31st March 2017 launched a new GBP Share Class for the Maga Smaller Companies Fund

The minimum initial investment in the Fund is €250,000 in the case of Euro shares, US\$250,000 in the case of US\$ shares, and £250,000 in the case of GBP shares or such lesser amount as the directors of the Fund may in their discretion determine, provided that such lesser amount is not less than €100,000, US\$100,000 or £100,000, as the case may be.

The minimum amount of additional subscriptions per Investor is €100,000, US\$100,000 or £100,000, as the case may be, or such lesser amount as the directors of the Fund may in any particular case determine. These requirements will not apply to direct or indirect subscriptions for shares in the Fund by the Firm (or any of its directors, employees, or connected persons).

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

Otus Capital aims to achieve for both the Fund and the Segregated Account, capital appreciation through focused long/short and long only equity investments in European smaller companies, combining in-depth bottom up fundamental research with a top down analysis of the environment in which the Firm operates.

Otus Capital aims to use disciplined stock selection within the European smaller companies universe by capitalising on the opportunities provided by the dynamics of the European smaller companies' asset class. The Fund has maximum flexibility to invest in a wide range of instruments, including listed and unlisted equities, warrants, futures, other equity derivatives and debt securities. The Fund takes long and short positions over a variety of time periods and may also retain amounts in cash or cash equivalents, pending reinvestment, if this is considered appropriate to the objective of maximising absolute returns.

The use of leverage creates special risks and may significantly increase the Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk.

The Fund may also retain amounts in cash or cash equivalents, pending reinvestment, if this is considered appropriate to the objective of maximising absolute returns. Cash deposits

may be made with banks other than the prime brokers and custodian. The Fund may also invest in the equities or securities of companies incorporated in or whose principal operations are in emerging markets in Eastern Europe. The Fund's equity exposure is generally confined to companies that are listed on a recognised exchange, although the Fund may also seek opportunities to invest in companies listed or traded on other markets and exchanges. These make up the majority of the portfolio and are identified by carrying out fundamental research on the market place in which the company operates. The products, the revenue and profit potential, the company's financial resources and the management are all analysed in detail. Where disparities are identified between the valuations produced by this analysis and stock market valuations, core positions may be established. Companies at the lowest end of the market capitalisation scale will often be under-researched and therefore significant opportunities may exist. The second element is the use of tactical positions. These are triggered by a change in the economic cycle or evidence of corporate change in the market place, the management or the product and particularly when this is supported by an extreme under- or over-valuation. These holdings are likely to have a shorter time horizon, and also include opportunistic trades.

Risk of Loss Factors

Investing in securities involves risk of loss that Investors should be prepared to bear. Investors should consider the following factors before investing in the Fund. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should consult their professional advisers and review the legal documents for the Fund before deciding to subscribe for shares.

Business Risk

There can be no assurance that the Fund will achieve its investment objective. The investment results of the Fund are reliant upon the success of the Firm.

Concentration of Investments

The Fund's feeder fund invests all of its assets (to the extent not retained in cash) in the ordinary shares of the Fund's master fund (the "**Master Fund**") and is accordingly not diversified. Although it is the policy of the Master Fund to diversify its investment portfolio, the Master Fund may at certain times hold relatively few investments. The Master Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Liquidity

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Currency Exposure

The Shares are denominated in Euro, US Dollars, Sterling and Shares are issued and redeemed in those currencies. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in currencies other than Euro, US Dollars or Sterling. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Firm may seek to hedge the foreign currency exposure of each of the Euro Share, US\$ and GBP Share Classes. However, the

Fund is necessarily subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro, US Dollar or Stirling, as the case may be, and such other currencies.

Short Selling

The Fund's investment portfolio may include short positions. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover the short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, if a sufficient number of market participants have entered into a short position, the short position may not react in the same way as a security would with no or limited short interest. In the case of a market downturn the short position may therefore not provide the investment return the Firm expected.

There is also a risk that the securities borrowed in connection with a short sale must be returned to the lender of such securities on short notice. If a request for the return of borrowed securities occurs at a time when other short sellers of the securities are receiving similar requests, a short squeeze can occur, and it may be necessary to replace borrowed securities previously sold short with purchase on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received from originally selling the securities short.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted and/or more onerous disclosure requirements in respect of short positions have been implemented. The levels of restriction and disclosure vary across different jurisdictions and are subject to change in the short to medium term. Such restrictions and/or disclosure requirements have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions or have increased the risk for such participants to do so. Accordingly, the Firm may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Firm to fulfil the investment objective of the Fund may be constrained.

Derivatives

The Fund may from time to time utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

The Fund may also sell covered and uncovered options on securities. To the extent that such options are uncovered, the Fund could incur an unlimited loss.

Leverage

The Fund may employ leverage for the purpose of making investments. The use of leverage creates special risks and may significantly increase the Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk. Any investment income and gains earned on investments made through the use of leverage that are in excess of the costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

Eurozone Crisis

In light of recent market developments, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the European Union and/or that the Euro will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Fund is at this stage impossible to predict with any certainty.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

The Firm does not have any financial industry activities or affiliations that create a material conflict of interest. The management and employees of Otus Capital plan to dedicate substantially all of their professional efforts to the Firm and currently have no significant outside business interests.

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

Participation or Interest in Client Transactions

We serve as the investment adviser to the Fund and the Segregated Account. Employees, affiliates of the employees, and relatives of the employee may make investments in the Fund. We may or may not receive any compensation from such investments from employees.

We and our affiliates and employees have a financial interest in the Fund through the Performance Fee and/or a direct investment interest in the Fund. As such, we could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

Code of Ethics & Personal Trading

We have adopted a Code of Ethics and a Personal Account Trading Policy that establishes various procedures with respect to investment transactions in accounts in which our employees or related persons have a beneficial interest or accounts over which any principal or employee has investment discretion.

The foundation of the Code of Ethics and Personal Account Trading Policy is based on the underlying principles that:

- Employees must at all times place the interests of the Firm's clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics and Personal Account Trading Policy; and
- Employees should not take inappropriate advantage of their position at Otus Capital.

In general, employees (and members of their immediate households) are permitted to invest in equities, options or futures but must obtain written pre-approval from the CCO. The spirit of the Code of Ethics and the Personal Account Trading Policy is to discourage frequent trading in employee personal accounts.

All Otus Capital employees must provide a copy of the contract to the CCO. These records are used to monitor compliance with the foregoing policies.

Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or receiving an allocation of an Initial Public Offering.

Insider Trading Policies and Procedures

Otus Capital maintains Insider Trading policies and procedures (the “**Insider Trading Policies**”) that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within Otus Capital, as well as prevent trading based on inside information. On a periodic basis, our employees are required to certify to their compliance with the Compliance Manual, Code of Ethics and Personal Account Trading Policy, including the Insider Trading Policies.

Our Code of Ethics and Personal Account Trading Policy are available to Investors (including prospective investors) upon request.

Privacy Policy

We are committed to maintaining the confidentiality, integrity and security of Investors' personal information and we maintain a privacy policy which is provided to all new Investors and will be distributed to Investors on an annual basis.

It is our policy to collect only information necessary or relevant to our management business and use only legitimate means to collect such information. We do not disclose any non-public personal information about Investors or former investors to anyone except for

servicing and processing transactions and as required by law. We restrict access to non-public personal information about Investors to those employees with a legitimate business need for the information. We maintain security practices, physical, electronic, and procedural safeguards to guard Investor's non-public personal information. Please contact the CCO for more information.

Item 12: Brokerage Practices

As an investment adviser and a fiduciary to our clients, we require that our clients' interests be placed first and foremost, and our trading practices and procedures prohibit unfair trading and seek to disclose and avoid any actual or potential conflicts of interests, or resolve such conflicts in the clients' favour. We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that no client is advantaged or disadvantaged over any other.

Aggregation

The 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 to clients. Our policy is to aggregate client transactions where possible and when advantageous to clients. Clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

Allocation

Our allocation policy prohibits any allocation of trades in a manner that would result in our proprietary accounts, affiliated accounts, or any particular client or group of clients receiving more favourable treatment than other clients.

Best Execution

As an investment advisory Firm, we have a fiduciary duty to seek best execution for client transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances). As a matter of policy and practice, Otus Capital will seek to obtain best execution for client transactions.

Principal Trading

We do not engage in any principal transactions.

Item 13: Review of Accounts

Review of Accounts

The portfolios managed by the Firm are reviewed at a minimum on a monthly basis to assure conformity with investment objectives and guidelines.

Reporting

The Firm provides Investors in the Fund and its Segregated Account client with periodic account statements (generally monthly) that include portfolio holdings and performance

information. In addition, realized gains/losses, interest and dividends earned are reported annually to Investors in the Fund in the form of audited financial statements.

Item 14: Client Referrals and Other Compensation

Neither Otus Capital nor any related person receives any economic benefits from third parties in connection with the provision of investment advice to our clients. Additionally, neither Otus Capital nor any related person is directly or indirectly compensated by any third party for investor referrals.

Item 15: Custody

This item does not apply.

Item 16: Investment Discretion

Otus Capital possesses discretionary portfolio management authority over the Fund and the Segregated Account with respect to asset allocations and direct investments as per the advisory agreements and offering documents. Prior to assuming full discretion in managing a client's assets, we enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Pursuant to the terms of our investment management agreements, Otus Capital has the authority to determine:

- (i) the securities to be purchased and sold for the client accounts (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and;
- (ii) the amount of securities to be purchased or sold for the client accounts.

Item 17: Voting Client Securities

Otus Capital has established proxy voting policies and procedures since we are required to vote proxies for certain investments and on corporate actions.

To the extent Otus Capital has been delegated proxy voting authority on behalf of its clients, Otus Capital complies with its proxy voting policies and procedures that are designed to ensure that, in cases where Otus Capital votes proxies with respect to client securities, such proxies are voted in the best interest of the clients. The Investors in the Fund and the Segregated Account, may not direct voting of proxies.

Item 18: Financial Information

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