

Caius Capital LLP Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Caius Capital LLP (“Caius Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at +44 20 7190 7946. 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 Caius Capital is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

There have been no material changes since our last annual amendment which was filed in June 2018.

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Item 4. Advisory Business

Caius Capital LLP (“Caius Capital” or the “firm”) is an opportunistic credit hedge fund manager based in London, United Kingdom. The firm was founded in January 2016 by António Batista and William Douglas. Mr. Batista is the firm’s Chief Investment Officer and Mr. Douglas is Chief Operating Officer and Chief Compliance Officer. Caius Capital is 94% owned (in terms of voting power) by Mr. Batista and the balance is equally divided among five individuals and one entity, Caius Capital Services Limited, a corporate member of Caius Capital.

Caius Capital manages a private fund and a separately managed account which runs *pari passu* to the main fund. The Fund and the managed account focuses on investments in levered capital structures within three core strategies: Distressed, Performing and Special Situations. The firm’s investment universe comprises corporate issuers, financial institutions and sovereign wealth funds predominantly within Europe, the Middle East and Africa. Caius Capital is authorized and regulated by the UK Financial Conduct Authority and the SEC.

Caius Capital does not tailor its advisory services to the individual needs of investors in the Funds (as defined below) and does not accept Fund investor imposed investment restrictions. The separately managed account is subject to investment objectives, guidelines, restrictions, fee arrangements, and other terms that are individually negotiated.

As of March 31, 2019, Caius Capital managed approximately \$760,461,068 of assets under management on a discretionary basis. The firm does not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

The firm currently advises the Caius Capital International Fund and Caius Capital Domestic Fund LP, which are feeder funds to the Caius Capital Master Fund (unless otherwise specified the feeder and master funds will be collectively referred to as the “Funds”). The Funds currently offer the below share class to Investors

- Class A Shares, paying a management fee of 1.5% per annum, billed monthly in arrears, and a performance fee of 20% per annum, calculated annually and paid in January.
- Class B Shares, paying a management fee of 1.5% per annum, billed monthly in arrears, and a performance fee of 17.5% per annum subject to a hurdle rate of 3% with a two year rolling lock-up, calculated annually and paid in January.

For the avoidance of doubt, the Funds have three additional share classes that are not currently available to new investors: Strategic Shares, which were offered to investors who made a significant investment in the Funds at launch, and pay management and performance fees at a discounted rate; Management Shares, offered to members of Caius Capital, and do not pay management or performance fees and Class F Shares which were limited to the first EUR150,000,000 early stage investments in the Funds, paying a management fee of 1.25% per annum, billed monthly in arrears, and a performance fee of 17.5% per annum, calculated annually and paid in January. The F share class is now closed to new investors.

Separately managed account clients will be charged a management fee as set forth in the applicable investment management agreement. The fee will be billed quarterly in arrears. If

additional capital is contributed to the account or if capital is withdrawn on a date other than the first or last business day of a quarter, the management fee attributable to such capital for that quarter will be prorated on a time-weighted basis.

In addition to the management fee, Caius charges a performance fee to the separately managed accounts. A full description of the management and performance fees for separately managed accounts is set forth in the applicable investment management agreement.

The feeder funds will bear their own expenses and a pro-rata share of the master fund's expenses. In addition to the management and performance fees described above, additional fees include, but are not limited to; fund administrator, fund audit, general corporate legal expenses relating to the governance of the Funds, regulatory expenses of the Funds, Directors fees and expenses, legal expenses related to negotiation of prime brokerage and trading agreements, brokerage commissions, custody fees, borrowing costs, stock loan fees, investment specific legal, taxation and other professional fees (whether or not such an investment is entered into), research fees and related costs (whether or not such an investment is entered into), external valuation and accounting expenses and costs related to the publication and dissemination of information to investors.

More detailed information about the fees and expenses described above are described in the applicable governing and offering documents of the Funds.

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

As noted in Item 5 above, the Funds and separately managed accounts are charged performance based fees. These performance fees could potentially incentivize Caius Capital to make riskier investments than would be the case in the absence of such fees. The firm has a well-defined investment process designed to minimize this potential conflict.

While the funds and managed accounts are both charged performance fees, the managed account is charged a lower performance fee than the funds. Caius Capital has addressed this potential conflict of interest by creating a robust set of allocation policies and procedures.

Item 7. Types of Clients

Caius Capital provides discretionary investment advisory services to the Funds and separately managed accounts as described in Item 4 above.

Investors in the Funds are generally required to make a minimum initial investment of USD \$1 million, with subsequent minimum increments of USD \$100,000.

U.S. investors in the Funds are typically limited to persons who are "qualified purchasers" as that term is defined in the Investment Company Act of 1940, and "accredited investors" as that term is defined in SEC Rule 501(a) under the Securities Act of 1933.

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

Methods of Analysis and Investment Strategies

As referenced above, Caius Capital employs an opportunistic credit strategy which seeks to achieve attractive absolute returns by investing in predominantly European levered capital structures. The strategy is underpinned by a belief that whilst there are many idiosyncratic investment opportunities, the majority of high return credit opportunities arise in investment themes due to poor market technicals, economic fundamentals, industry specific trends and/or regulatory changes. It is key to the Caius strategy to identify and focus the portfolio in the most attractive investment themes.

The firm's methods of analysis and investment strategy can be further described in three sub-strategies:

- Distressed: investments in non-performing debt such as corporate restructurings and liquidations. The firm will mostly be active in the developed European jurisdictions, however the diversity of the European legal systems in law and practice means that the firm will price restructuring processes differently by jurisdiction;
- Performing: opportunities in this strategy are situations in which the firm does not anticipate requiring a restructuring, but where the market is pricing risk at a premium to the underlying fundamentals of the relevant credit. Ideal investments are those that have the potential to generate double digit IRRs with minimal or no use of leverage; and
- Special Situations: these are situations, performing or distressed, where there is a specific risk component that is external to our investment thesis and which needs to be eliminated or reduced through hedging and/or some form of capital structure arbitrage. Typical examples are investments with a strong commodity price element, e.g., in metals, mining and energy situations.

Allocations to each of these sub-strategies will vary significantly over time, as will the nature of the underlying sectors, investment themes and borrowers, as determined by Caius Capital's investment team.

Caius Capital employs risk management as part of its portfolio management process. The firm's key risk management yardstick is the credit impairment risk of the investments. The limiting factor in sizing positions is therefore their potential downside and the requirement that the downside losses be limited to a small part of the portfolio.

The firm closely monitors market exposures and the associated degree of volatility on a daily basis. Specifically, the firm takes into account the risk of losses from regular market movements ("Mark-to-market Risk") and separately the risk of losses from large changes in markets' risk perception ("Gap Risk"). The firm's investments incorporate specific event risks and as such they tend not to be highly correlated to the wider credit market. However, since the firm's investments are at the riskier end of the spectrum of the market, they are exposed to large and sudden changes in markets' risk perception. Caius Capital therefore sees its exposure to Gap Risk as a key risk management tool. In order to monitor Mark-to-market Risk and Gap Risk and to optimize

hedging ratios, the firm undertakes market and asset class correlation analysis to determine the mark-to-market and gap sensitivities of each asset class.

As part of its portfolio management process, Caius Capital also monitors compliance with the investment objectives and restrictions set forth in the applicable governing documents of the Funds.

Risk of Loss

The investment strategies pursued by Caius Capital as summarized above will be subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest.

The descriptions contained below are a brief overview of associated risks related to Caius Capital's investment strategies; however, they are not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of Caius Capital. The Funds governing and offering documents contain a more detailed discussion of the associated risks of the firm's investment strategy.

General Investment Risks

An investment in the Funds is highly speculative and involves a high degree of risk due to the nature of the Funds' investments and the investment strategies and trading strategies to be employed. An investment in the Funds should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

Limited Operating History

The Funds have limited operating history upon which prospective investors can evaluate the anticipated performance of the Funds. The limited past performance may not be indicative of the future performance of the Funds.

General Economic and Market Conditions

The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

Potential Implications of Britain's Withdrawal from the European Union ("Brexit")

In a referendum held on 23 June 2016, the electorate of the United Kingdom resolved to leave the European Union, and the formal process was triggered at the end of March 2017 beginning a two year period of negotiation for withdrawal. The result has led to political and economic instability, volatility in the financial markets of the United Kingdom and more broadly across Europe. It may also lead to weakening in consumer, corporate and financial confidence in such markets as the UK negotiates its exit from the EU. The longer term process to implement the

political, economic and legal framework between the UK and the EU is likely to lead to continuing uncertainty and periods of exacerbated volatility in both the UK and in wider European markets. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may also cause increased economic volatility in wider European and global markets. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Funds to execute its respective strategies and to receive attractive returns, and may also result in increased costs to the Funds.

Limited Liquidity

An investment in the Funds provides limited liquidity since the Shares are not freely transferable and an investor's right to redeem is subject to various terms and restrictions as set forth in the governing and offering documents for the Funds. In the event that there are substantial redemptions of shares within a limited period of time, Caius Capital may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay redemptions, the firm may be required to liquidate positions of the Master Fund at an inopportune time or on unfavorable terms, resulting in lower net assets for the remaining investors and a lower redemption price for the redeeming investors. The Board of Directors may elect to cause the redemption of all Shares and liquidate the Funds at any time if, in its view, continued operation of the Funds would be impracticable or imprudent for any reason, including if the amount of the Master Fund's assets declines to a significant extent. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

Different Investor Terms and Information Rights

Investors are not permitted to invest on different terms that, among other things, provide access to information that may not be available to other investors.

Debt Securities Generally

The Funds may invest in private and government debt securities and instruments including those that are unrated or "below investment grade", and whether or not rated, the debt instruments may have speculative characteristics. 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 and involve major risk exposure to adverse conditions.

Derivatives Risk and Volatility

The Funds' investment program may involve the purchase and sale of relatively volatile instruments such as derivatives. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by the Funds.

Counterparty Risk

Clients will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Liquidity

In extreme market conditions, it may be difficult for a client to realize an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realizing his investment or may incur a dilution adjustment. Depending on the types of assets invested in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

Leverage

A proportion of the Funds' capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying vehicles would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles could result in a substantial loss to capital that would be greater than if capital were not leveraged.

The foregoing list of risk factors is just a summary of certain risk considerations and does not purport to be a complete explanation of all risks involved in an investment in the Funds. Please see the Funds' organizational and offering documents for a more complete description of relevant risks.

Item 9. Disciplinary Information

Caius Capital does not have any disciplinary information to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Caius Capital LLP (LLP) has received a capital contribution from Caius Capital Services Ltd. ("Company") and has also engaged it to provide certain administrative and support services, the provision of which by the Company will assist the LLP in carrying on its activities as an Investment Manager. The Company is owned by Caius Capital Limited, a Cayman manager, which has delegated the Investment Management activities to LLP.

Caius Capital, as well as the General Partner of the Funds, report to the National Futures Association as an exempt Commodity Pool Operator.

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

Caius Capital has adopted a Code of Ethics policy which, among other things, contains provisions designed to (i) prevent improper personal trading by employees; (ii) prevent improper use of material, non-public information about securities recommendations made by Caius Capital or securities holdings of advisory clients and (iii) identify conflicts of interest, including monitoring of gifts and pay-to-play issues that could arise due to political donations by Caius Capital or its personnel.

The Code sets forth a standard of business conduct that takes into account Caius Capital's status as a fiduciary and requires staff to place the interests of clients above their own interests and the interests of Caius Capital. The Code requires staff to comply with applicable federal securities laws. Further, staff are required to promptly bring violations of the Code to the attention of Caius Capital's Chief Compliance Officer. All staff are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by staff.

A copy of Caius Capital's Code of Ethics shall be provided to any investor or prospective investor upon request.

Item 12. Brokerage Practices

Best Execution

Caius Capital maintains a list of approved counterparties with whom orders are typically placed. Subject to the terms of the applicable investment management agreement, Caius Capital has full discretion to choose a counterparty from the Firm's current list of approved counterparties for executing any order or orders, but in doing so shall assess and balance a range of all relevant factors, including those set out in its best execution policy which Caius Capital considers (in its reasonable determination) relevant to achieving the best result for the clients.

On a periodic basis, the list of approved counterparties will be reviewed and, where appropriate, the list will be amended.

The typical factors that are considered to determine the manner in which an order will be executed include the following:

- Price
- Costs
- Size and nature of the order
- Speed
- Quality of back-office
- Counterparty risk
- Together with any other consideration relevant to the execution of the order, such as availability of liquidity, and the market impact of the order.

In determining the relative importance of these factors, Caius Capital will take into account the nature of the order, the characteristics of the financial instruments to which the order relates and the characteristics of the available execution venues, and will exercise its discretion to determine which of these factors, or combination of them, will be most relevant to achieve best execution.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for the client accounts. The next most importance factor is likely to be liquidity. However, in certain circumstances, for some financial instruments or markets, the firm, at its absolute discretion, may decide that other factors may be more important in determining the best possible result in accordance with this policy.

Trade Errors

Caius Capital will seek to detect trade errors prior to settlement and promptly correct and mitigate any trade error losses. Certain trade errors will be borne by the Funds and the client accounts in absence of a finding of gross or willful negligence on the part of Caius Capital. To the extent that a trade error is caused by a counterparty of the Funds or client accounts, such as a broker or agent, the firm will seek to recover any related trade error losses from such counterparty. The firm in its sole discretion may offset any trade error income with trade error losses.

Soft Dollars/Client Commission Usage

The firm has not entered into any soft dollar or client commission sharing agreements. To the extent that Caius Capital uses investment research, it intends to do so consistent with guidance from the SEC and the European Commission regarding acceptable methods to pay for investment research under legislation in the European Union known as the Markets in Financial Instruments Directive (MiFID II), which came into effect on January 3, 2018.

Prime Brokers

Representatives of the Caius Capital may speak at conferences and programs for investors interested in investing in hedge funds which are sponsored by prime brokers. These conferences and programs may provide opportunities by which such representatives are introduced to prospective investors in the Funds. Generally, the prime brokers are not compensated for providing such “capital introduction” opportunities. In addition, prime brokers may provide financing and other services to the Funds. Consequently, such additional services by a prime broker may influence Caius Capital in deciding whether to use the services of such prime broker in connection with the investment activities of the Funds.

Brokers may assist the Funds in raising additional funds from investors. In addition, from time to time, an investor may request that the firm direct brokerage to a broker affiliated with an adviser to the investor who had recommended that the investor invest in the Funds. Subject to its obligation to seek best execution, Caius Capital may consider referrals of investors to the Funds, and requests by investors to direct brokerage, in determining its selection of brokers. However, Caius Capital will not commit to an investor or broker to allocate a particular amount of brokerage in any such situation.

Item 13. Review of Accounts

Caius Capital reviews the Funds’ and managed account investments on an ongoing basis and will provide investor reports as set forth in the organizational and offering documents of the Funds / Investment Management Agreement for the Managed account

Item 14. Client Referrals and Other Compensation

Caius Capital does not provide services or receive compensation from any account that is not a client. Similarly, the firm has not formally engaged third parties to solicit investors, though, as described above, certain brokers may assist the Funds in raising additional capital from investors.

Item 15. Custody

The cash and securities of the Funds and managed account are held by third party custodians and Caius Capital does not have direct custody of such cash or securities. However, Caius Capital may be deemed to have constructive custody of the Funds because an affiliate acts as general partner of the Funds. Accordingly, where applicable, the firm will comply with the “audit exception” to the SEC’s custody rule and deliver audited financial statements to investors in the Funds within 120 days of the Funds’ fiscal year end.

Item 16. Investment Discretion

Caius Capital has discretionary authority to manage the assets of the Funds and the managed account in a manner consistent with the stated investment objectives and guidelines of the Funds. There are no specific limitations placed on this authority, provided that Caius Capital 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. Fund investors do not have the ability to impose limitations on the discretionary authority of Caius Capital. Fund investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

The separately managed account is subject to investment objectives, guidelines, and restrictions, and fee arrangements, as well as other terms that are individually negotiated with the account owner, and set forth in an investment management agreement.

Item 17. Voting Client Securities

Caius Capital has adopted policies and procedures regarding its voting responsibilities for proxies, which will govern the voting process. A copy of such policies and procedures will be available upon request, as well as a record of all votes cast on behalf of the firm’s clients.

Item 18. Financial Information

Caius Capital has never filed for bankruptcy and is not aware of any financial condition that is likely to impair its ability to provide services to clients.