

**Disciplined Alpha LLC  
One Marina Park Drive, Suite 1410  
Boston, MA 02210  
Tel: +1 857 350 3958**

This brochure provides information about the qualifications and business practices of Disciplined Alpha LLC (“Disciplined Alpha”). If you have any questions about the contents of this brochure, please contact Kevin Shea at +1 857 350 3958 or [kevin.shea@disciplinedalpha.com](mailto:kevin.shea@disciplinedalpha.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Disciplined Alpha is available on the SEC’s website at <https://adviserinfo.sec.gov>. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

March 27, 2022

**Item 2: Material Changes**

---

Annual Update

This is Discipline Alpha's ninth annual update. In 2021, Disciplined Alpha opened a branch office in Marblehead, MA.

**Item 3: Table of Contents**

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance-Based Fees and Side-By-Side Management .....	6
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information .....	16
Item 10: Other Financial Industry Activities and Affiliations .....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..	17
Item 12: Brokerage Practices .....	18
Item 13: Review of Accounts .....	18
Item 14: Client Referrals and Other Compensation .....	19
Item 15: Custody .....	20
Item 16: Investment Discretion .....	20
Item 17: Voting Client Securities.....	20
Item 18: Financial Information .....	22

#### Item 4: Advisory Business

---

##### A: Firm Description

Disciplined Alpha LLC, a Massachusetts limited liability company formed on February 22, 2013 ("Disciplined Alpha"), provides discretionary investment advisory services to private pooled investment vehicles, an Irish domiciled UCITS and a separately managed account (collectively, the "Funds" or the "Clients"). Kevin Shea is the founder, managing member and sole owner of Disciplined Alpha.

---

##### B: Types of Advisory Services

Currently the Firm offers a variety of strategies to investors.

A Regime Based U.S. Long Short Diversified Strategy. The objective is to utilize Disciplined Alpha's macroeconomic regime model to maximize the risk adjusted return, as defined by the Sortino Ratio, by investing in a broad universe of stocks in the U.S. Russell 1000. During periods of time that are shorter than a full market cycle, the strategy seeks to outperform 60% of the return of the Russell 1000. The HFRX Equity Hedge Peer Group, or the HFRX Equal Weighted Strategies Peer Group, could also be used for performance analysis.

A Regime Based U.S. Long Short Technology/Media/Telecomm ("TMT") Strategy. The objective is to combine Disciplined Alpha's macroeconomic regime model with fundamental TMT analysis, to maximize the risk adjusted return, as defined by the Sortino Ratio, by investing in TMT stocks in the U.S. Russell 3000.

A Regime Based Global Macro Strategy. The object is to utilize Disciplined Alpha's macroeconomic regime model to maximize the risk adjusted return, as defined by the Sortino Ratio, by investing in various asset classes primarily through ETFs.

---

##### C: Tailored Services

At the current time, Disciplined Alpha does not expect to tailor its investment advisory services to the individual needs of the investors investing in its Funds or separately managed accounts.

---

##### D: Wrap Fee Programs

Disciplined Alpha does not participate in any wrap fee programs.

---

##### E: Client Assets under Management

As of December 31, 2021, Disciplined Alpha's regulatory assets under management were \$139,213,369.

## **Item 5: Fees and Compensation**

---

### **A. Description**

Currently Disciplined Alpha charges both a management and performance fee. All of Disciplined Alpha's unaffiliated investors in its Funds are expected to be charged both management fees and performance allocations. Fees for future investors or investment vehicles may differ than those below.

For the Regime Based U.S. Long Short Diversified private funds, the management fees while the fund is under \$150 million in assets are set at 1% per annum based on opening monthly assets. Once the fund exceeds the \$150 million threshold, then the management fee rate will be 1.5% per annum based on opening monthly assets. The performance fee is 20% per annum of all net gains/losses regardless of assets and is calculated and paid annually, subject to a high water mark.

For the Regime Based U.S. Long Short TMT private fund, the first \$50 million raised will be subject to a management fee of 1.0% per annum based on opening monthly assets and a performance fee of 15% per annum of all net gains/losses. After the first \$50 million in assets, the management fee is 2.0% per annum based on opening monthly assets and the performance fee is 20% per annum of all net gains/losses. The performance fees in both scenarios are calculated and paid annually and are subject to a high water mark.

For the UCITS sub-fund, information regarding the management, as well as other fees related to execution and custody, are provided in the offering documents for the specific class of shares. Prospective investors should refer to these documents for a full explanation of the fees and expenses to be incurred.

Fees for separately managed accounts vary and are reflected in the investment management agreements.

---

### **B. Fee Billing**

For both the Regime Based U.S. Long Short Diversified funds and the Regime Based U.S. Long Short TMT fund – Management fees will be deducted in advance monthly from funds' opening assets. Performance fees will be deducted annually in arrears from funds' assets. The fees are independently calculated by the fund's independent administrators. The Manager may receive an advance of performance fees in early January with the balance being paid when the fund audit is complete.

For the UCITS fund, management fees will accrue daily and will be payable monthly in arrears on the last day of the month. The Performance fee in respect of each Share Class will be calculated daily and is payable in arrears annually, in January of the following year. However, in the case of shares redeemed during the year, the accrued performance fee in respect of those shares will be payable within 14 calendar days after the date of redemption.

---

C. Other Fees and Expenses

Each Fund or Client will pay for all costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, clearing and settlement charges, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, costs of any liability insurance obtained on behalf of Funds, custody fees, costs of any litigation or investigation involving Funds' activities, indemnification expenses, the management fees, consulting expenses, the fees and expenses of professionals providing services to the Funds, including where appropriate legal, audit, accounting, tax and administration and director services for Disciplined Alpha's non-U.S. pooled investment vehicles that are companies, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes, regulatory costs, filing and license fees, the costs of reporting and providing information and any extraordinary expenses. Please refer to Item 12 for more information about brokerage.

Where Disciplined Alpha pays such costs on behalf of any Fund or Client then such costs will be reimbursed.

---

D. Fees in Advance

Management fees are paid monthly in advance for the private funds. An investor who withdraws mid-month shall be reimbursed a pro rata portion of the management fee, if any, based upon the date of withdrawal.

---

E. Securities Compensation

Not applicable.

**Item 6: Performance-Based Fees**

---

Performance fees

In the Regime Based U.S. Long Short Diversified Strategy, certain Day-1 investors have negotiated a different performance fee rate than is listed in the Disciplined Alpha Private Placement Memorandum. This is a special rate negotiated for a small number of initial investors who invested substantial assets in the fund at inception. Performance fees are subject to high water marks and will generally be paid in arrears at the end of each fiscal year.

In the Regime Based U.S. Long Short TMT Strategy, certain affiliated investors pay Disciplined Alpha a different performance fee than described in the Private Placement Memorandum. Performance fees are subject to a high water mark and will generally be paid in arrears at the end of each fiscal year.

### Item 7: Types of Clients

---

#### Description

Disciplined Alpha's investors include ERISA Pension Plans, institutional investors, charitable foundations, family limited partnerships and high net worth individuals.

---

#### Account Minimums

The Funds managed by Disciplined Alpha will have minimum initial investments from investors of at least \$250,000 although Disciplined Alpha may accept lesser amounts at its sole discretion. The UCITS fund offers a variety of share classes and minimums vary. Please see the prospectus for additional information.

Investors requesting a separately managed account will be evaluated on a case by case basis.

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

---

Disciplined Alpha has multiple strategies.

1. Regime Based U.S. Long Short Diversified Strategy
2. Regime Based U.S. Long Short Technology/Media/Telecomm Strategy
3. Regime Based Global Macro Asset Allocation Strategy

---

This section refers to the Regime Based U.S. Long/Short Diversified Strategy

#### Methods of Analysis and Investment Strategies

The investment strategy employed by the Investment Manager incorporates disciplined, repeatable quantitative factors to generate alpha; however, the Investment Manager's strategy differs from many other strategies in a number of key respects, including: (i) the use of a macroeconomic regime model to determine factor weights; (ii) a separate short model for the short side of the portfolio; (iii) a model to determine the parts of the market with the most alpha opportunities; and (iv) unique industry group based factors. These four features contribute to competitive risk adjusted returns in general, with a focus on the downside tail risk in particular.

The Investment Manager utilizes a macroeconomic regime model. This model is based on a topic that in academic literature is known as "time varying risk aversion." After the Nasdaq Index sold off dramatically from 2000 to 2002, it then rallied significantly in 2003. The market shifted from one regime, where investors sought to avoid risk, to another regime, in which investors sought low quality, low priced, securities. Macroeconomic data was subsequently found to forecast these time varying views of risk that the market rewards. More specifically, three regimes were

found that have been designated the “value,” “neutral,” and “momentum” regimes. This macroeconomic data is used in the Investment Manager’s strategy to tilt the strategy towards the factors that have been shown to outperform in a given macroeconomic regime historically.

The Investment Manager’s strategy utilizes a separate short model. Many long short managers that utilize a model to rank stocks, have a single model for both long and short positions. This model is then used to rank stocks on, for instance, a “quintile” basis. The stocks that are in the best quintile become the long side of the strategy and the stocks in the worst quintile become the short side of the strategy. The Investment Manager believes that this is sub-optimal. Many factors do not have symmetric outcomes. The Investment Manager has built a separate short model that utilizes seven factors that are different from its long model. These factors dramatically increase the spread of the performance between the long side of the strategy and the short side of the strategy.

The unique industry group based factors are analyzed and considered by the Investment Manager in defining its investment strategy are not based on running thousands of back tests to see what “works” in the market, with a hope that these factors will persist in the future. Instead, the factors are based on meetings with hundreds of company managements and fundamental analysts that the managing member of the Investment Manager has held over his 17 years of experience. The Investment Manager believes building a model based on conversations with real people, about real products, sold to real customers is likely to be more robust than a possibly “over-fit” purely statistical model.

The Investment Manager also places significant focus on downside tail risk. Many strategies focus on overall volatility, as measured by the Sharpe Ratio. After numerous meetings with potential investors, the Investment Manager believes there is clearly more of a concern with downside risk than overall volatility. The Investment Manager believes this concern is better captured in the Sortino Ratio than the Sharpe Ratio. Behavioral Finance suggests that investors tend to be two to three times more concerned about downside risk than they are about overall volatility. This view has been hard wired into the Investment Manager’s investment process.

---

This section refers to the Regime Based U.S. Long Short Technology/Media/Telecomm Strategy

#### Methods of Analysis and Investment Strategies

The investment strategy employed by the Investment Manager incorporates disciplined, repeatable process designed to generate alpha specifically in the Technology and Telecommunications Services Sectors and the Media Industry (“TMT”); however, the Investment Manager’s strategy differs from many other strategies in a number of key respects, including: (i) utilizing a proprietary idea generation methodology specifically tailored to highlight stocks which are experiencing meaningful inflection points in their fundamentals and investor sentiment; (ii) employing bottom up fundamental analysis to determine the validity of these inflection points, and assess the short and long-term prospects for the potential investment; (iii) the use of a macroeconomic regime model, specific to the TMT markets, which is used to tilt the portfolio construction toward the offensive/neutral/defensive positioning; and (iv) an intense focus on downside tail risk.



The Investment Manager's selection process involves four distinct steps which are designed to result in a portfolio constructed to take advantage of the divergence of relative stock prices in the TMT market segments:

*Inflection Point Idea Generation.* The Investment Manager utilizes a proprietary idea generation methodology designed to identify companies where there is a quantifiable shift in fundamentals and investor sentiment.

The Investment Manager's stock selection process looks at a set of factors, specifically tailored to the TMT markets. Each of these factors is analyzed on its own with the goal of identifying companies where there is a meaningful divergence from historical trends. A separate short model is used to identify companies to "sell short".

*Fundamental Analysis.* The Investment Manager's fundamental analysis focuses on the stock prioritization developed by the inflection point screening process. The first goal is to identify the positive (or negative) attributes that led to a signal in the Investment Manager's Inflection Point methodology.

The Investment Manager's philosophy on valuation is derived from his views on a company's growth prospects, ability to generate profits, and the sustainability of long-term competitive advantage. In the interest of avoiding downside tail risk, this process focuses on the likelihood of a company to experience valuation multiple expansion (and conversely contraction) based on a set of risk factors.

*Regime-Based Positioning.* The Investment Manager utilizes a macroeconomic regime model specifically designed for the TMT markets. This model is based on a topic that in academic literature is known as "time varying risk aversion." After the Nasdaq Index sold off dramatically from 2000 to 2002, it then rallied significantly in 2003. The market shifted from one regime, where investors sought to avoid risk, to another regime, in which investors sought low quality, low priced, securities. Macroeconomic data was subsequently found to forecast these time varying views of risk that the market rewards. More specifically, three regimes were found that have been designated the "value," "neutral," and "momentum" regimes. This macroeconomic data is used in the Investment Manager's strategy to direct portfolio construction toward offensive/neutral/defensive positioning which determines the net long/short positioning of the fund.

*Risk Control.* The Investment Manager places significant focus on downside tail risk. Many strategies focus on overall volatility, as measured by the Sharpe Ratio. Behavioral Finance suggests that investors tend to be two to three times more concerned about downside risk than they are about overall volatility. After numerous meetings with potential investors, Mr. Shea shares the belief that investors are more focused on downside risk than overall volatility. The Investment Manager believes this concern is better captured in the Sortino Ratio than the Sharpe Ratio. This view has been hard wired into the Investment Manager's investment process.

---

This section refers to the Regime Based Global Macro Asset Allocation Strategy

#### Methods of Analysis and Investment Strategies

The investment strategy employed by the Investment Manager incorporates a macroeconomic regime model into the Regime Based Global Macro Asset Allocation Strategy. This model is based on a topic that in academic literature is known as “time varying risk aversion.” After the Nasdaq Index sold off dramatically from 2000 to 2002, it then rallied significantly in 2003. The market shifted from one regime, where investors sought to avoid risk, to another regime, in which investors sought low quality, low priced, securities. Macroeconomic data was subsequently found to forecast these time varying views of risk that the market rewards. More specifically, three regimes were found that have been designated the “value,” “neutral,” and “momentum” regimes. This macroeconomic data is used in the Investment Manager’s strategy to tilt the strategy towards the asset classes that have been shown to outperform in a given macroeconomic regime historically.

The Investment Manager also places significant focus on downside tail risk. Many strategies focus on overall volatility, as measured by the Sharpe Ratio. After numerous meetings with potential investors, the Investment Manager believes there is clearly more of a concern with downside risk than overall volatility. The Investment Manager believes this concern is better captured in the Sortino Ratio than the Sharpe Ratio. Behavioral Finance suggests that investors tend to be two to three times more concerned about downside risk than they are about overall volatility. This view has been hard wired into the Investment Manager’s investment process.

The Regime Based Global Macro Asset Allocation Strategy is implemented by investing in various asset classes primarily through ETFs.

---

#### C. Material Risks

All investment programs have certain risks that are borne by Funds or Client. Disciplined Alpha's investment approach constantly keeps the risk of loss in mind. Even given this approach, some of these risks described below may be, or become, more significant in one product versus another. Please refer to the Private Placement Memorandum of the Disciplined Alpha Offshore Fund, Ltd, Disciplined Alpha Onshore Fund, LP and/or the Disciplined Alpha TMT Select Onshore Fund, LP for a more detailed discussion of risks. The risks mentioned below are only a partial list.

***Investment and Trading Risks.*** An investment managed by Disciplined Alpha involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that Disciplined Alpha's investment program will be successful. Disciplined Alpha will be investing substantially all of its Funds' or Clients' assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which Disciplined Alpha expects to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to

Disciplined Alpha's Funds or Clients.

**Limited Diversification.** At any given time, it is possible that Disciplined Alpha may make investments that are concentrated in a particular type of security, industry or market capitalization. This limited diversity could expose Disciplined Alpha to significantly greater volatility than in a more diversified portfolio.

**Use of Leverage.** Disciplined Alpha may leverage its portfolios through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to portfolios when a portfolio earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Disciplined Alpha fails to earn as much on such incremental investments as it pays for such funds. In the event that Disciplined Alpha leverages its portfolio, fluctuations in the market value of Disciplined Alpha's portfolio will have a significant effect in relation to its capital and the risk of loss and the possibility of gain will each be increased. In addition, when Disciplined Alpha utilizes leverage, the level of interest rates generally, and the rates at which Disciplined Alpha can borrow in particular, will be an expense of each portfolio and therefore affect the operating results. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of a portfolio.

Portfolios may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the portfolios. For example, should the securities pledged to brokers to secure the portfolios' margin accounts decline in value, portfolios could be subject to a "margin call" pursuant to which the portfolios would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a portfolio's assets, Disciplined Alpha might not be able to liquidate assets quickly enough to pay off its margin debt.

**Short Sales.** Disciplined Alpha may engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities Disciplined Alpha borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the portfolios will be able to make a profit by purchasing the securities at a later date at the lower prices. Portfolios will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. Disciplined Alpha's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities

with little or no advance notice and may impact prior trading activities of Disciplined Alpha. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may from time-to-time impose restrictions that adversely affect Disciplined Alpha's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, Disciplined Alpha may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. Disciplined Alpha may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and Disciplined Alpha is subject to strict delivery requirements. The inability of a portfolio to deliver securities within the required time frame may subject the portfolio to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Portfolio to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the portfolio's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale affected by a third-party unrelated to a portfolio.

***Small Cap Issuers.*** A significant portion of a portfolio's assets may be invested in small-cap issuers. While, in Disciplined Alpha's opinion, the securities of small issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small-cap issuers also present greater risks. For example, some small issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small issuers may be higher than in those of large-cap issuers.

***Investments that Become Illiquid.*** Securities that were generally liquid and easy to value when purchased may, over time, become illiquid and/or difficult to value as a result of changing circumstances with respect to the issuer(s) of the securities or the markets generally. In such event, the General Partner may, in its sole discretion, segregate such securities.

***Counterparty Risk.*** Some of the markets in which the portfolios may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes the portfolios to the risk that a counterparty will not settle a

transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the portfolios to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the portfolios have concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. Funds are not restricted from concentrating any or all of its transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the portfolios. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

**Prime Broker Risk.** Funds' assets may be held in one or more accounts maintained for certain Funds by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Funds' assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Funds' assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Funds and their assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Funds' assets or in a significant delay in the Funds having access to those assets.

**Purchasing Securities of Initial Public Offering.** From time to time the Funds may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Funds to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. Funds may invest in securities that are “new issues,” as defined by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in “new issues.” As a result, certain investors in funds managed by Disciplined Alpha may be restricted from participating in profits and losses attributable to such investments.

**Derivatives.** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments have a high degree of leverage, meaning the

overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments may not be undertaken on recognized exchanges and will expose the client to greater risks than regulated exchange transactions that provide greater liquidity, credit worthiness and more accurate valuation of securities.

**Exchange Traded Funds (“ETFs”).** ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of various sources of tracking error, including their expenses and a number of other factors.

**Economic and Regulatory Climate.** The success of Disciplined Alpha's 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 Disciplined Alpha's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may make corporate mergers, exchange offers, tender offers or other similar transactions less desirable or may make arbitrage or trading activities engaged in by Disciplined Alpha less profitable. In particular, it should be noted that many tender offers, acquisitions and other corporate reorganizations require the acquirer to obtain high levels of financing to successfully complete the transaction. In addition, changing market and economic conditions may affect, among other things, the level and volatility of securities' prices, the liquidity of Disciplined Alpha's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the portfolios' profitability or result in losses. Disciplined Alpha may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Recently, global markets experienced unprecedented volatility and losses. The effects thereof are continuing and there can be no assurance that the portfolios will not be materially adversely affected.

**Change in Investment Strategies.** The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and



techniques may not reflect the investment strategies, approaches and techniques actually employed by Funds. Nevertheless, the investments made on behalf of Funds will be consistent with Disciplined Alpha's investment objective.

**Cybersecurity Risk.** The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its clients and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

**Risk Management Failures.** Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser and/or the Third-Party Managers, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser and/or the Third- Party Manager may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

**Systems and Operational Risk.** The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, any third party administrator, market counterparties and others. Some of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

### Item 9: Disciplinary Information

---

#### Legal and Disciplinary

There are no legal or disciplinary events pending or that have taken place since the Manager's inception.

### Item 10: Other Financial Industry Activities and Affiliations

---

#### A. Broker-Dealer

Disciplined Alpha LLC is not a broker dealer

#### B. Financial Industry Activities

Disciplined Alpha LLC has no other Financial Industry Activities.

#### C. Affiliations

Disciplined Alpha and its management persons have relationships and arrangements that are material to its advisory business or its Funds with various related persons as described below. None of these relationships or arrangements creates a material conflict of interest with its Funds or Separate Managed Accounts.

1. Not applicable.
2. Disciplined Alpha LLC serves as the investment manager to Disciplined Alpha Master Fund, LP, Disciplined Alpha Offshore Fund, Ltd and Disciplined Alpha Onshore Fund, LP, all of which are pooled investment vehicles. Disciplined Alpha GP LLC is the general partner of Disciplined Alpha Master Fund, LP.

Disciplined Alpha LLC serves as the investment manager to Disciplined Alpha TMT Select Onshore Fund, LP, which is a pooled investment vehicle. Disciplined Alpha TMT Select GP LLC is the general partner of Disciplined Alpha TMT Select Onshore Fund, LP.

3. Not applicable.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. Not applicable.
11. Disciplined Alpha LLC is the sponsor/syndicator of Disciplined Alpha Master Fund, LP;



Disciplined Alpha Offshore Fund, Ltd; Disciplined Alpha Onshore Fund, LP; and Disciplined Alpha TMT Select Onshore Fund, LP.

---

D. Compensation for Referrals. Not applicable.

---

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

---

A. Code of Ethics

The Access Persons of Disciplined Alpha have committed to a Code of Ethics that is available for review by potential investors or investors in any of the Funds managed by Disciplined Alpha upon request. The Code of Ethics has been adopted in accordance with Section 204A and Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Each Access Person must read, sign and deliver a certificate of compliance with the Code of Ethics. In accordance with Rule 204A-1, Access Persons also must provide initial securities holdings reports, annual securities holding reports and quarterly transaction reports related to reportable securities in which such Access Person has direct or indirect beneficial ownership. Finally, all Access Persons must pre-clear all trades, including new issues and private placements, prior to investment. Access Persons may trade in the same securities as the Fund managed by Disciplined Alpha but may not do so 3 days on either side of the Fund trades.

---

B. Participation or Interest in Client Transactions

Disciplined Alpha GP LLC and Disciplined Alpha TMT Select GP LLC serve as the general partner to the Disciplined Alpha Master Fund, L.P and the Disciplined Alpha TMT Select Onshore Fund, LP respectively. There could be a potential conflict of interest in this arrangement since the general partner is generally entitled to a performance allocation of the net profits of the Master Fund, which could encourage Disciplined Alpha to invest more aggressively in riskier securities than in the absence of this performance allocation. The portfolio managers have a significant portion of their liquid net worth invested alongside of their clients' assets which serves to mitigate this risk inherent with the conflict of interest.

---

C. Participation or Interest in Client Transactions

See response to Item 11.B above.

---

D. Participation or Interest in Client Transactions

See response to Item 11.B above.

---

**Item 12: Brokerage Practices**

---

**A. Selecting Brokerage Firms**

Disciplined Alpha is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. Disciplined Alpha's primary consideration in placing transactions with particular broker-dealers will be to obtain best execution in the most effective manner possible. Disciplined Alpha also will take into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. Disciplined Alpha also considers the quality comprehensiveness and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades.

---

**1. Research and Other Soft Dollar Benefits.**

Disciplined Alpha is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading relating products and services or to pay higher commissions to such firms if Disciplined Alpha determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, Funds may be deemed to be paying for research and other products and services with "soft" or commission dollars. The use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars generated by a Fund may be used by Disciplined Alpha to service accounts other than such Fund. Where a product or service obtained with soft dollars provides both research and non-research assistance to Disciplined Alpha, Disciplined Alpha will make a reasonable allocation of the cost that may be paid for with soft dollars. Although Disciplined Alpha believes that Funds will benefit from many of the products and services obtained with soft dollars generated by Funds' trades, Funds may not benefit exclusively or at all. Disciplined Alpha's main but not exclusive use of soft dollars will be to obtain data and similar quantitative input for its investment process.

When Disciplined Alpha uses Fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, Disciplined Alpha receives a benefit because it does not have to produce or pay for the research, products or services. Disciplined Alpha may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on Disciplined Alpha's Funds interest in receiving most favorable execution.

---

2. Brokerage for Client Referrals. Not applicable.

a. Not applicable.

b. Not applicable.

---

3. Directed Brokerage.

a. Not applicable.

b. Not applicable.

---

B. Aggregation.

In the normal course of business, the investment strategies offered by Disciplined Alpha trade at different times and therefore do not aggregate orders. In the event that two or more strategies traded identical stocks at identical times, then orders would be aggregated in the event that the portfolio managers felt that this was the most efficient way to execute trades. In such cases each trade would be allocated to the portfolios on a pro-rata basis.

### **Item 13: Review of Accounts**

---

A. Periodic Reviews

Account reviews will be periodically performed by Kevin Shea, Disciplined Alpha's Managing Member.

---

B. Review Triggers

Other conditions that may trigger a review are changes in applicable laws, new investment information, and changes in a particular Fund's circumstances.

---

C. Regular Reports

Audited annual financial statements of pooled investment vehicles managed by Disciplined Alpha are prepared and sent as soon as practicable following the close of the fiscal year. Disciplined Alpha or its administrators provide each investor in each pooled investment vehicle with unaudited performance information monthly. Unless otherwise restricted by law, all reports, financial statements, and other information may be delivered electronically.

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

---

A. Referrals

Not applicable.

---

**B. Other Compensation**

Disciplined Alpha LLC currently has a written agreement with a registered broker dealer to pay a percentage of management and performance fees in respect of any clients sourced by the broker dealer for Disciplined Alpha. This is on a fully disclosed basis to investors.

**Item 15: Custody**

---

Disciplined Alpha is deemed to have custody of Fund assets by virtue of the fact that it or related entities are the GP to the Fund. The Fund's independent administrators send statements to each investor on a monthly basis showing the value of their investments and any capital transactions. These statements can be delivered via a web based service or via e-mail. Additionally audited financial statements will be sent to all investors within the proscribed timeframe.

Jefferies LLC serves as both the Prime Broker and the Custodian for the private funds that it manages.

Disciplined Alpha does not have custody of client assets in the UCITS fund and where it manages separately managed accounts.

**Item 16: Investment Discretion**

---

**Discretionary Authority**

Disciplined Alpha has discretionary investment authority over all the portfolios it manages including fund vehicles and separately managed accounts.

**Item 17: Voting Client Securities**

---

**A. Proxy Voting**

---

Disciplined Alpha's proxy voting policy will require Disciplined Alpha to act in the best interest of its Funds when exercising proxy voting authority. Disciplined Alpha shall monitor corporate events and vote proxies on behalf of each Fund that has expressly or implicitly authorized Disciplined Alpha to do so. If Disciplined Alpha accepts proxy voting authority from a Fund, Disciplined Alpha shall dutifully analyze the issues involved with all shareholder votes, evaluate the probable impact on corporate operations, and vote proxies in what it views to be in accordance with the best interests of its Funds. Disciplined Alpha will not put its own interests ahead of a Fund's interest at any time, and will resolve any potential conflicts between its interests and those of its Funds in favor of its Funds. Funds may obtain a copy of Disciplined Alpha's proxy voting policy and procedures upon request.

These policies and procedures do not mandate that Disciplined Alpha vote every proxy that it receives in regard to securities held in Fund accounts. There may be circumstances when

refraining from voting a proxy is in a Fund's best interest, such as when and if Disciplined Alpha determines that the cost of voting the proxy exceeds the expected benefit to the Fund. Further, Disciplined Alpha will not vote proxies for which a Fund has expressly retained voting authority. Accordingly, when Disciplined Alpha has the discretionary authority to vote the proxies of its Funds and determines that it is in the best interests of its Funds to do so, it will vote those proxies in the best interest of its Funds and in accordance with this policy.

#### *Guidelines*

Each proxy issue will be considered individually. The following guidelines are a partial list to be used in voting on proposals often contained in proxy statements, but will not be used as rigid rules. The voting policies below are subject to modification in certain circumstances and will be reexamined from time to time. With respect to matters that do not fit in the categories stated below, Disciplined Alpha will exercise its best judgment as a fiduciary to vote in the manner which will most enhance shareholder value. Disciplined Alpha will generally vote proxies in line with directors' recommendations. The exception will be where there is a hostile takeover in which case each proxy will be considered individually. Disciplined Alpha's policy will not require it to vote in every such situation.

#### *Procedures*

Arrangements will be made with the Custodian and Prime Broker to receive proxies but will not actively ensure that all appropriate proxies are received and will only vote on those received and only if voting benefits the funds. Voting will be electronic using web based services such as proxyvote.com.

#### *Conflicts of Interest*

The Portfolio Manager, in consultation with Disciplined Alpha's legal counsel if necessary, shall be primarily responsible for determining whether a conflict of interest exists in connection with any proxy vote that requires Disciplined Alpha to exercise voting authority over Fund securities. The Portfolio Manager shall presume a conflict of interest to exist whenever Disciplined Alpha or any partner, member, affiliate, subsidiary or employee of Disciplined Alpha has a personal or business interest in the outcome of a particular matter before shareholders. A conflict would arise, for example, in any case where: (i) Disciplined Alpha has a business, financial, or personal relationship with participants in a proxy contest or candidates for corporate directorships; or (ii) Disciplined Alpha, in its capacity as general partner or manager (or some similar capacity) of a Fund, also manages or seeks to manage the retirement plan assets of a company whose securities are held by the Fund.

#### *Limitations on Proxy Voting*

Disciplined Alpha shall not be obliged to vote proxies if Disciplined Alpha reasonably determines that the cost of voting such securities would exceed the expected benefit to the Fund.

---

B. Not applicable.

**Item 18: Financial Information**

---

**A. Balance Sheet**

Disciplined Alpha has not included a balance sheet for its most recent fiscal year because Disciplined Alpha does not require prepayment of fees of more than \$1,200 for any Fund, six months or more in advance.

---

**B. Financial Condition**

Disciplined Alpha does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Funds.

---

**C. Bankruptcy Petition**

Disciplined Alpha has not been the subject of a bankruptcy petition at any time during the past ten years.