

# **Episteme Capital Partners (UK), LLP**

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Part 2A of Form ADV: Firm Brochure  
As of December 31 ,2021

This brochure provides information about the qualifications and business practices of Episteme Capital Partners (UK), LLP. Information herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. If you have any questions about the contents of this brochure, please contact us at [legal@epistemecap.com](mailto:legal@epistemecap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Episteme Capital Partners (UK), LLP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

## **ITEM 2. MATERIAL CHANGES**

This document serves as Adviser's brochure and is dated as of December 31, 2021. It amends the Adviser's brochure dated as of December 31, 2021. The Adviser has made changes to the following sections which may be deemed to be material since the date of its previous brochure.

- Item 1 has been updated with a new office address for the Adviser.
- Item 4 has been updated to include a new strategy available for Managed Accounts.
- Item 4 has been updated for Assets under Management.
- Items 5 and 7 have been updated with respect to information related to the minimum account size for Managed Account Clients.
- Item 8 has been updated with respect to the new strategy available for Managed Accounts.

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## ITEM 4. ADVISORY BUSINESS

### Adviser

Episteme Capital Partners (UK), LLP (the “Adviser”), together with its principal affiliates, Episteme Capital Partners (Cayman), Ltd. (“ECP (Cayman)”) and Episteme Capital Partners (US), LLC (“ECP (US)”) was formed in February 2009. Adviser maintains its principal office in London. ECP (Cayman), an exempted company with limited liability organized under the laws of the Cayman Islands, maintains its principal place of business in the Cayman Islands and is the ultimate parent company and governance body of both Adviser and ECP (US). ECP (US), a Delaware limited liability company, maintains its principal place of business in Rye Brook, NY and provides certain administrative, middle and back-office services to Adviser pursuant to an administrative agreement. As further described in Item 10 below, Adviser is registered as an Alternative Investment Fund Manager with the FCA, and the Adviser, ECP (Cayman) and ECP (US) are each registered with the U.S. Commodity Futures Trading Commission (the “CFTC”).

The individual principals (the “Principals”) as a group control ECP (Cayman) and Adviser. The Principals are the following individuals:

Adrian Eterovic (born in 1962) is a Principal, the Chief Executive Officer and the Chief Investment Officer (the “Chief Investment Officer”) of Adviser. Mr. Eterovic is also a Director of ECP (Cayman). Previously, Mr. Eterovic was the CEO of JWM Partners (UK) from 2004 to 2009 and was co-chairman of JWM Partners’ Investment Committee from 2003 to 2005. From 1993 to 1999 he was with Long-Term Capital Management (UK) and prior to that he was with Salomon Brothers Inc. He holds an M.Sc. in Statistics from Imperial College London (2015), a Ph.D. and an M.A. in Economics from Harvard University (1994), and an Sc.D. degree in Structural Engineering and two M.S. degrees, one in Mechanical Engineering and the other in Civil Engineering, from the Massachusetts Institute of Technology (1992) as well as a B.S. in Physics and a Mechanical and Electrical Engineering degree from the National University of Cordoba (1987).

Gustavo Lau (born in 1964) is a Principal of Adviser. Previously, Mr. Lau was a senior fixed income trader at JWM Partners (UK) from 2000 to 2009, and prior to that was with Long-Term Capital Management (UK) since 1994. He holds a M.S. degree in Computer Science from the Universidad Simon Bolivar, Venezuela (1988) and attended the MBA program at the IESE Business School, Spain (1994). Mr. Lau is a Mathematics Masterclass lecturer for the Royal Institution of Great Britain.

Jameel Kassam (born in 1984) is a Principal of Adviser. Mr. Kassam was a Strategist at the Adviser from its inception until May 2014. Prior to that he held the same role at JWM Partners from early 2007. He holds an MPhys degree in Physics from the University of Oxford (2006).

Richard Leahy (born in 1948) is a Director of ECP (Cayman) and a Principal of ECP (US). Previously, Mr. Leahy was a founding partner of JWM Partners, and prior to that he was a principal of Long-Term Capital Management since 1993. He was formerly a Managing Director of Salomon Brothers and Co-Head of the Mortgage Securities Department. He holds a B.S. degree in Economics from Boston State College (1970) and attended graduate school at the University of Pennsylvania.

Oswaldo Canavosio is a Principal of ECP (US). Prior to joining Episteme Capital, Mr. Canavosio was formerly Head of Manager Research and Sector Head - Global Macro at Man FRM in New York. He was also a member of Man FRM’s Investment Committee and Man FRM’s Management Committee. Oswaldo has 25 years of global investment experience. Prior to joining Episteme, he worked at Man FRM for over ten years serving in several capacities including research and portfolio management. From 2004 to 2008,

he worked at Vega Asset Management/Proxima Alfa Investments in New York, where he was a Managing Director for Business Development. Before this he was Head Trader at Citibank Argentina. Osvaldo holds a master's degree in Finance from Universidad Torcuato Di Tella (1999) in Argentina as well as an Economics degree (honors) from Universidad Católica Argentina (1996). He is also a CFA Charterholder.

Helaine Rosenbaum Dryden is a Principal of ECP (US) and the General Counsel and Chief Compliance Officer of the Episteme Capital Group. Ms. Dryden was previously General Counsel and Chief Compliance Officer at JWM Partners which she joined at its founding in 2000. Prior to JWMP, she was Associate General Counsel of Long-Term Capital Management from 1997 to 2000. Prior to LTCM, Ms. Dryden was an associate at Debevoise & Plimpton where her clients primarily consisted of investment advisors and her practice encompassed advice regarding securities and other financing transactions as well as mergers & acquisitions. From July 1989 to July 1991, she was employed by Morgan Stanley & Co. as a financial analyst. Ms. Dryden received a B.A. degree from U.C. Berkeley in Economics (1989) and a J.D. degree from Harvard Law School (1994). She is admitted to the Bars of the States of New York and Arizona. She is also a member of the Impact Investment Exchange (IIX) Advisory Board.

Gina Roman is a Principal of ECP (US) and the Chief Financial Officer of Episteme Capital Group. Previously Ms. Roman was a Controller at JWM Partners which she joined at its founding in 2000. Ms. Roman was Assistant Controller at LTCM. Ms. Roman previously practiced as a CPA in Pennsylvania (1985-1993) and worked as a CFO of a privately held International Textile company (1994-1999). Ms. Roman is a graduate of Temple University with a Bachelor of Business Administration Degree, Accounting major.

### **Advisory Services**

Adviser provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the "1940 Act") and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act") (each, a "Fund" and collectively the "Funds"), as well as provides discretionary sub-advisory services to various managed accounts (the "Managed Accounts") each of which, as of the date of this Brochure, are futures portfolios (consisting of futures contracts and foreign exchange forwards) and have either claimed an exemption under the rules and regulations of the CFTC or are not otherwise required to be registered as a commodity pool under such rules and regulations.

As the investment adviser of the Funds, Adviser's services consist of identifying opportunities for acquisition, management, monitoring, and disposition of investments of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the managing member, the board of directors or general partner of the applicable Fund, and not individually to the members, shareholders or limited partners of the Funds.

Of the Funds currently sponsored by Adviser, only Systematic Quest Portfolio Company, Ltd. ("SQP") is available for investment by external investors. SQP is organized in a "master-feeder" structure. Systematic Quest Fund I, LLC (the "Onshore Fund") and Systematic Quest Fund II, Ltd. (the "Offshore Fund") are feeder funds, each of which achieves its objective by investing substantially all of its assets directly or indirectly in SQP. SQP's investment approach has a balanced combination of fundamental, technical and liquidity strategies.

Adviser also provides discretionary investment management services to the Managed Accounts as well as to three additional strategies which are only currently offered to internal investors.

Clients establish the Managed Accounts by depositing assets into accounts maintained by independent custodians, prime brokers or futures clearing merchants and entering into an Advisory Agreement (as defined below) specifying the client's investment objectives and the benchmark strategy. The Managed Accounts currently are managed in one of three strategies:

1. Episteme Systematic Quest (hereinafter referred to as "ESQ") which is a multi-asset class systematic global macro strategy. ESQ's investment approach has a balanced combination of fundamental, technical, and liquidity strategies. The strategy trades the most liquid foreign exchange forwards and government bond, short term interest rate, equity index and commodity futures. ESQ may also be combined with a cash management strategy as "ESQTR". ESQTR is the strategy implemented by SQP.
2. Episteme Systematic Financial (hereinafter referred to as "ESF") which is a multi-asset class systematic global macro strategy. ESF's investment approach has a balanced combination of fundamental, technical, and liquidity strategies. The strategy trades the most liquid foreign exchange forwards and government bond, short term interest rate and equity index futures. This is a subset of the strategy implemented by ESQ.
3. Episteme Emerald (hereinafter referred to as "Emerald") which is a quantitative systematic macro program, which blends fundamental and technical strategies implemented through a diversified set of futures and FX markets. These strategies are also a subset of the strategy implemented by ESQ although it is subject to independent portfolio optimization from ESQ. Accordingly, trades are subject to different weightings and may be in the opposite direction from ESQ.

The following investment strategies are also available for Managed Accounts.

1. Episteme Fixed Income Opportunities (previously referred to as the Global Liquid Opportunities strategy and hereinafter referred to as "GLO"), a short-horizon fixed income event-driven strategy. It uses highly liquid G8 government bond futures, but it could potentially use government bonds. This is a subset of the strategy implemented by ESQ.
2. Episteme Systematic Commodities (hereinafter referred to as "ESC"), a multi-strategy systematic program that trades the most liquid commodity futures markets. ESF's investment approach has a balanced combination of fundamental, technical, and liquidity strategies. This is also a subset of the strategy implement by ESQ.
3. Episteme Systematic Fixed Income TR (hereinafter referred to as "ESFITR"), a multi-strategy systematic program that trades the most liquid fixed income futures markets as well as short-term instruments for cash management, including US Treasury Bills. ESFITR includes cash management, therefore its returns are Total Returns (TR). ESFITR's investment approach has a balanced combination of fundamental, technical, and liquidity strategies. These strategies consist of the fixed-income strategies implemented by ESQ.

Adviser seeks to achieve the investment objectives of its clients by utilizing a wide range of investment strategies across multiple assets classes including futures, foreign exchange forwards and listed equities. The various strategies and asset classes are described more fully in Item 8 below.

Adviser may in the future organize other investment funds, including feeder funds for the Funds or parallel funds for employees of Adviser, or manage investment funds or separately managed accounts that

may either co-invest with the Funds and/or the Managed Accounts or follow an investment program similar to or different from the Funds' and Managed Accounts' programs. Adviser may also establish special purpose vehicles or subsidiaries and Advisor or the Funds may invest in or act through such special purpose vehicles or subsidiaries.

Services are provided to the Funds and the Managed Accounts in accordance with the investment and advisory, investment management, trading advisory or client advisory agreements with each of the respective Funds and Managed Accounts (each, an "Advisory Agreement") and/or organizational documents of the applicable Fund. Investment restrictions for the Funds or Managed Accounts, if any, are generally established in the organizational or offering documents of the applicable Fund or the Advisory Agreements with respect to a Managed Account.

**All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by Adviser and its affiliates in connection with management of the Funds are qualified in their entirety by reference to each Fund's respective confidential offering memorandum (if any) and governing documents (referred to collectively as "Offering Documents."). Similarly, all discussions of the Managed Accounts in this brochure, including but not limited to their investments, the strategies used in managing the Managed Accounts, the fees and other costs associated with the Managed Accounts, and conflicts of interest faced by Adviser and its affiliates in connection with management of the Managed Accounts are qualified in their entirety by reference to each Managed Account's respective Advisory Agreement and any other relevant governing documents.**

### **Assets Under Management**

As of December 31, 2021, Adviser managed approximately \$1.4 billion on a discretionary basis, which includes both securities portfolios and commodities and futures accounts. Such assets under management represents the risk-adjusted equivalent of all accounts managed by the Adviser when compared to SQP at 1x.

## **ITEM 5. FEES AND COMPENSATION**

As compensation for investment advisory services, the Funds and the Managed Accounts are subject to fees, including Management Fees (as defined below), at a fixed rate and/or performance compensation, based upon the performance of the respective Funds and Managed Accounts. Pursuant to the terms of the relevant Advisory Agreement and/or Fund constituent documents, the compensation may be payable to Adviser or one of its affiliates. In the event the Management Fee and/or performance compensation is payable to an affiliate of Adviser, such payment is in lieu of direct payment to Adviser.

The Management Fees and Performance Compensations (as defined below) charged to the Funds are described further below. Adviser may negotiate alternative fees or allocations on a client-by-client basis with other Funds. Further, the Funds offer different series or tranches of interests as detailed in the Offering Documents which may not pay fees under specified circumstances.

With respect to Managed Accounts, the Adviser has established a minimum Managed Account size of \$50 million and such accounts are subject to fee schedule starting at a 1% management fee, charged monthly and a 20% performance fee set annually. The actual fees charged for the Managed Accounts are individually negotiated with each Managed Account. Different client facts and circumstances will be considered in determining such fees or allocations, including the client's investment strategy, assets under management, account composition, reporting requirements, economies of scale, if any, and any other

factors Adviser deems relevant. Actual Management Fees range up to 1% and may be dependent upon the trading level or net asset value of the Managed Account as well as the terms of performance compensation. Performance fees (“Performance Fees”) range up to 40% and may be dependent upon the Management Fees charged as well other adjustments (for example, adjustments relating to highwater marks) which may reduce the actual compensation earned by the Advisor. Further, the calculation methodologies and the timing of payment of such fees may vary among accounts and are set forth in the Advisory Agreements with the Managed Accounts. The Adviser reserves the right to waive the minimum account size depending upon the strategy and other specific client facts and circumstances, including the likelihood size of such Managed Account will meet the minimum within a reasonable period of time following the initiation of the account. Any such smaller Managed Account may be subject to a different fee schedule.

### **Management Fee for the Funds**

As of the beginning of each calendar month, the management fee (the “Management Fee”), an aggregate fixed fee calculated and payable monthly and calculated directly or indirectly on the net asset value of each investor’s capital account in the Funds (each a “Capital Account”). The Management Fee is currently set at the following annual rates:

Tranche A and C:	1.0%
Tranche F:	2.0%

The Management Fee is debited directly or indirectly against the investors’ Capital Accounts and paid to Adviser or ECP (Cayman) pursuant to the terms of each of the Funds’ organizational documents and the relevant investment management agreement. For purposes of calculating the Management Fee, net asset value includes net realized and unrealized profits and losses. The Management Fee may be waived or reduced with respect to any investor. the Management Fees are generally waived for investments by employees of Adviser, the general partner or managing member of a Fund (as defined below), Adviser, the Principals, or their related persons, including estate planning vehicles of such persons and certain other persons or entities associated with such persons (collectively, the “Related Persons”). If the investment management agreement is terminated before the end of the billing period, Adviser refunds a pro rata portion of the pre-paid fee to the Funds’ accounts.

### **Performance Compensation for the Funds**

As further detailed below, the Adviser (through its affiliates) may receive an allocation or fee related to the performance depending on the underlying tranche. Currently performance compensation is payable at the following rates:

Tranche A and C:	20.0% crystalized annually
Tranche F:	0.0%

In accordance with the terms of the relevant Offering Documents, the Tranche F Interests and Tranche F Shares are available until such time as the Net Asset Value of SQP is equal to or greater than \$100 million. The Net Asset Value of SQP as of December 31, 2021 was approximately \$73 million. After the Net Asset Value of SQP is equal to or greater than \$100 million, Tranche F will no longer be offered, and the Onshore Fund and Offshore Fund will respectively only issue to external investors Tranche A Interests and Tranche C. As further described in the Offering Documents, under the Tranche A Interests and the Tranche C Shares, in each calendar year, the Adviser (through its affiliates) will be entitled to a performance allocation with respect to the Tranche A Interests or a performance fee with respect to the



Tranche C Shares (hereinafter such performance allocation or such performance fee referred to as the “Performance Compensation”) equal in the aggregate to 20% of any net profit allocable to each investor for such calendar year in excess of any loss recovery with respect to such investor’s Capital Account adjusted for contributions, withdrawals and distributions. For tracking purposes, the Onshore Fund has issued one series of Tranche A Interests to an affiliated investor.

Adviser, Episteme Capital, LP (“Episteme Capital”), in its capacity as the managing member of the Onshore Fund, or the Board of Directors of the Offshore Fund may from time to time enter into letter agreements or other similar agreements (collectively, “Side Letters”) with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to management fees and performance compensation) than provided in the governing documents of the Funds. Adviser or Episteme Capital may, in their sole discretion, reduce or waive the Management Fee and Performance Compensation with respect to any investor. Adviser and Episteme Capital generally intend to waive the Management Fee and Performance Compensation for employees of Adviser and other Related Persons. The Performance Compensation will be allocated from the Tranche A Capital Accounts and deducted from the Tranche C Capital Accounts as of the close of each calendar year (and as of each other date on which Adviser or Episteme Capital determines it is appropriate or necessary to make a determination of the Performance Compensation with respect to an investor, including a date on which an investor withdraws all or a portion of its Capital Account). Each separate contribution to the Fund may be treated as a separate Capital Account or a sub-account of such Capital Account. In the event that a separate Capital Account or sub-account is established, until such time as a Fund effectuates a capital account roll-up as described in the relevant Offering Document, the computations required to be made for purposes of computing the Performance Compensation will be made separately with respect to separate contributions to or withdrawals from the Fund by a particular investor, to reflect appropriately the different times at which investors may have contributed capital to the Fund or withdrawn capital from the Fund and the net asset values at such times. As a result, a Performance Compensation may be charged with respect to a specific investment in the Fund made by an investor even if no Performance Compensation would have been charged had all of such investor’s investments been aggregated for purposes of calculating the Performance Compensation.

### **Other Expenses**

Adviser and its affiliates are authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable. Adviser will be responsible for and shall pay, or cause to be paid, all of its Overhead Expenses, except as described below. For this purpose, “Overhead Expenses” for a fiscal year include overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll and other taxes and compensation (and related costs) of all personnel. All other expenses will be borne by the Funds, including organizational expenses, legal, accounting, bookkeeping, global tax and regulatory compliance, auditing, consulting and other professional expenses, including those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services; expenses related to various operational functions of a Fund related to the implementation and administration of a Fund’s accounts with bank and brokerage firms to permit the trading, delivery, payment, clearance, settlement and custody of a Fund’s investments, including any fee payable under a written agreement among a Fund, Adviser and/or ECP (US) as disclosed in a Fund’s Offering Document, third-party and out-of-pocket research and market data expenses; interest and fees (including commitment, structuring and underwriting fees) on margin loans, committed loan facilities, total return swaps and other indebtedness; bank service, custodial and similar fees; fees and expenses (including travel expenses) related to the analysis, purchase or sale of investments, whether or not the investments are consummated; expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (directly or through trading affiliates);

third party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of the Funds and investment related activities (including any accounting, risk management, trading and administrator-like functions that Adviser performs in-house); fees and expenses in connection with any advisory board or committee as disclosed in a Fund's Offering Document, entity-level taxes; fees and expenses relating to the offer and sale of Fund interests (including organizational fees and expenses and filing and legal fees); and other ordinary and extraordinary expenses associated with the operation of the Funds and their investment activities.

As noted in Item 12 of this brochure, although Adviser typically has authority to select brokers to execute transactions for Managed Accounts, typically Adviser is not responsible for selecting custodians, clearing brokers, futures commission merchants or other service providers. These Managed Accounts bear all costs associated with trading and maintaining their investment accounts, as described above, including without limitation: commissions, custody fees, debit balances, taxes and other transaction-related costs.

For certain Funds, Episteme may agree to pay certain costs, including organizational expenses, exceeding a specific amount. Please see the Funds' Offering Documents for further details.

Adviser and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

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

As disclosed above under Item 5, FEES AND COMPENSATION, Adviser or one of its affiliates receives Performance Compensation, which are each based on performance of the respective Funds and the Managed Accounts. The Funds pay a Performance Compensation calculated at the same rate, subject to waivers or reductions for certain investor accounts. Certain Managed Accounts pay Performance Fees calculated at different rates, as negotiated with each such Managed Account, and such Performance Fees may be higher or lower than the Performance Compensation paid by the Funds.

The payment of Performance Compensation at varying rates may create an incentive for Adviser to disproportionately allocate time, services or functions to Funds or Managed Accounts paying Performance Compensation at a higher rate or allocate investment opportunities to such Funds or Managed Accounts. Generally, this conflict is mitigated by policies and procedures of Adviser, including that Adviser generally allocates transactions in which more than one client is eligible to participate pro rata among such clients. Please also see Items 11 and 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by Adviser.

## **ITEM 7. TYPES OF CLIENTS**

Adviser currently provides investment advisory services to the Funds and the Managed Accounts. With respect to the Funds, investment advice is provided directly to the Funds, subject to the discretion and control of the managing member, the board of directors or general partner of the applicable Fund, and not individually to the investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

The minimum initial investment in each Fund available for external investment is \$1,000,000, which may be reduced, but in no event less than \$100,000, as disclosed in the relevant Offering Document.

Adviser also provides discretionary sub-advisory services to various Managed Accounts each of which, as of the date of this Brochure, are solely composed of futures portfolios (consisting of futures contracts and foreign exchange forwards) and have either claimed an exemption under the rules and regulations of the CFTC or are not otherwise required to be registered as a commodity pool under such rules and regulations. All such clients meet the definition of a “qualified eligible person” as defined in Regulation 4.7 under the Commodity Exchange Act and consent to being treated as an exempt account under CFTC Regulation 4.7(c) if a Section 4.7 exemption has not been made. Further all Managed Accounts which incur a performance fee are “qualified clients” under Rule 205-3 of the Investment Advisers Act. As of the date of this Brochure, the Managed Accounts exclusively trade futures and foreign exchange forwards. The minimum size for such Managed Accounts is \$50 million and subject to further negotiation dependent on several factors, including, but not limited to, the strategy to be deployed by the Managed Account and whether the Managed Account requires middle or back-office services to support it.

Adviser may in the future provide advisory services to other funds and separately managed accounts for high-net-worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

### **Methods of Analysis and Investment Strategies**

Adviser deploys the investment strategies as described below:

#### **Episteme Systematic Quest, Episteme Systematic Financials, Episteme Systematic Commodities, Episteme Systematic Fixed Income and Emerald**

The Episteme Systematic Quest Strategy (“ESQ”) is undertaken by certain Managed Accounts. SQP runs the ESQTR strategy which utilizes the ESQ strategy together with a cash management strategy. The Episteme Systematic Financials Strategy (“ESF”) undertakes the same strategies as ESQ but excludes strategies in physical commodity futures. The Episteme Systematic Commodities Strategy (“ESC”) undertakes the same strategies as ESQ but excludes strategies in financial futures. Episteme Systematic Fixed Income (“ESFITR”) undertakes the various fixed income strategies run by ESQ together with a cash management strategy. Adviser allocates capital among systematic, model-driven strategies with instruments that are expected to provide liquidity, and may develop new strategies and/or retire existing strategies as market opportunities change, subject to maximum risk exposures. All four of these strategies include, but are not limited to, Core Systematic Strategies (as defined below) and Liquidity Strategies (as defined below). A qualitative overlay, as further described below, which may override certain aspects of the trading models may occur opportunistically to respond to market developments and/or risk conditions that are not captured by the models. Finally, Emerald runs a subset of the ESQ strategies but with separate independent portfolio optimization.

The objectives of ESQ are generally pursued by using bond, deposit, equity index and commodity futures as well as currency (FX) futures and forwards and may be conducted in any future, commodity, currency, contract or derivative thereof, including but not limited to notes, bonds, equities, physical commodities, derivatives on the foregoing (including, without limitation, contracts known as swaps and other similar notional principal contracts), contracts based on indices on the foregoing, futures, options and forwards on the foregoing. Investments within the strategy may also include, but are not limited to, any financing transactions with respect to the foregoing. The strategies and transactions may be denominated in any currency, including notional or basket currencies. As stated above, ESF, ESC and ESFITR pursue the same objectives although using subsets of the set of asset classes traded by ESQ. Emerald also pursues a

subset of these strategies but subject to independent portfolio optimization and therefore the weightings and directions of the Emerald trades may differ from those in ESQ.

### *The Core Systematic Strategies*

The “Core Systematic Strategies” are a family of systematic strategies that trade futures and currency forward contracts and seek to generate returns across a number of asset classes. The Core Systematic Portfolio is a portfolio of all positions over time that attempts to capture the expected returns from the Core Systematic Strategies while at the same time being in compliance with applicable risk management constraints. The Core Systematic Portfolio can be decomposed into positions grouped by asset class (the “Asset Class Portfolios”). Depending on the parameters of the overall strategy, Asset Class Portfolios include, but are not limited to currencies (futures and/or forwards) and bond futures, deposit short-term interest rate futures, equity index futures, commodities and commodity futures and currency (FX) futures and forwards. The Core Systematic Portfolio may not be active in all asset classes at all times. Other asset classes may be added over time.

Sources of returns for Core Systematic Strategies in the portfolio may include value, carry, momentum, mean-reversion, cross-market effects, seasonal effects, flows/positions, and macro effects. Other sources of returns may be added over time.

Strategy trades have horizons ranging from intraday to several months. The future and currency markets have been selected on the basis of a number of criteria, including sufficient liquidity, although no assurance can be given in this regard. Strategies have a life cycle that spans the original investment hypothesis, modeling, back-testing, implementation and retirement. It is intended that at any point in time a number of strategies will be in development and production at different stages of their life cycle.

### *The Liquidity Strategies*

The “Liquidity Strategies” are a family of short-horizon strategies which are undertaken with respect to various demand and supply events in the government bond, commodity and currency markets and seek to profit from capturing the liquidity premium created by these short-term events. These positions may be hedged or un-hedged depending on the event or market and are pursued globally in a disciplined and systematic manner. The holding period for these positions is typically one to several days.

### *Other Strategies*

ESQ and ESF may at times also run a VIX futures strategy. Other strategy families may be added over time.

### *Discretionary Risk Reduction*

Notwithstanding their model-driven target volatilities, sizing within the ESQ and ESF portfolios may be discretionarily reduced from time to time depending on market risk conditions perceived not to be adequately captured by the risk models.

### *Qualitative Overlay*

In addition to the foregoing, a qualitative overlay permits certain discretionary trades to be added to the portfolio to take advantage of the investment team’s significant market experience. Such trades, collectively the “Overlay Portfolio,” are limited to a targeted maximum volatility of 2% of SQP’s net asset value. It is expected that trading within the overlay will be infrequent and typically will be used to

respond to market developments and/or risk conditions that are not captured by the models. Managed Accounts trading in the ESQ and ESF are expected to participate in similar trades scaled pro-rata based on capital although a Managed Account may choose to exclude such overlay.

Implementation of the ESQ and ESF investment strategies sometimes involves nearly simultaneous transactions in markets for different instruments and in different locations. Actual holding periods vary depending on how quickly or whether the targeted objectives for the positions are realized and on other market factors. The ESQ and ESF strategies may involve the use of borrowed funds (such as margin borrowings) and other forms of leverage, the extent of which fluctuates depending on market conditions and the risk level of SQP and any relevant Managed Account pursuing such strategies.

### **Episteme Fixed Income Opportunities Strategy (“GLO”)**

The Episteme Fixed Income Opportunities Strategy (formerly referred to as the Global Liquid Opportunities Strategy and hereinafter referred to as "GLO") is related to the fixed income liquidity strategy pursued by the Adviser's flagship fund, SQP. GLO tracks hundreds of liquidity events per year and typically trades around a substantial subset of such events. The strategy may take positions ahead of an event and/or after the event. Either pre- or post-event trades may be directional, partially or fully hedged.

### **Investment Risks**

An investment in a Fund or Managed Account involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Fund or Managed Account will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Fund will be realized. Below is a list of potential investment risk factors that are reportable in this brochure. There is no guarantee that this is a complete list of the risks, that Adviser will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Fund or the Managed Account. Additional risks associated with an investment in a Fund may be disclosed in the Offering Documents of that Fund or the risk factors provided in connections with the opening of any Managed Account. For the purposes of this section on Investment Risks, references to the “Fund” shall include the Managed Accounts.

The following matrix identifies some of the types of risks associated with the various strategies implement by the Adviser. Risks not marked for a particular strategy may, however, still apply to some extent at various times.

<b>Investment Risk</b>	<b>ESQ (including ESQTR)</b>	<b>ESF</b>	<b>EMERALD</b>	<b>ESC</b>	<b>ESFTR</b>	<b>GLO</b>
General Economic and Market Conditions	x	x	x	x	x	x
Risks of Global Investing	x	x	x	x	x	x
Futures and Related Options	x	x	x	x	x	x
Risks of Derivative Instruments	x	x	x	x	x	x
Hedging Transactions	x	x	x	x	x	x
Options						
Swaps						

Short Sales						
Market Liquidity and Leverage	x	x	x	x	x	x
Portfolio Turnover	x	x	x	x	x	x
Risks of Trade Errors	x	x	x	x	x	x
Risks of Reliance on Models	x	x	x	x	x	x
Other Instruments and Future Developments	x	x	x	x	x	x
Custodial Risk	x		x			
COVID-19	x	x	x	x	x	x

The risks associated with particular investments include, but are not limited to, the following:

*General Economic and Market Conditions.* The success of Adviser's strategies may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. General fluctuations in the market prices of securities may affect the value of the investments held by a Fund. Unexpected volatility or changes in liquidity could impair the Fund's profitability or result in it suffering losses. Instability in the securities markets will also likely increase the risks inherent in a Fund's investments. There is no guarantee that ordinary and prudent precautions for natural and other disasters will provide an effective connection between Adviser and markets in the event of large-scale disruptions in the United Kingdom or, alternatively, in the countries where Adviser executes trades.

*Risk of Global Investing.* A Fund invests in various capital markets throughout the world. As a result, the Fund is subject to risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the United States dollar and the various foreign currencies in which the Fund's positions will be denominated, and costs associated with conversion of investment principal and income from one currency into another and (ii) the possible imposition of withholding, confiscatory or other taxes on income received from or gains with respect to such positions. In addition, certain of these capital markets involve certain factors not typically associated with investing in established securities markets, including risks relating to (i) differences between markets, including potential price volatility in and relative illiquidity of some foreign securities markets and market manipulation, (ii) the fact that less information may be available regarding Securities of non-U.S. issuers and the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation of exchanges, brokers and issuers and (iii) certain economic and political risks, including political or social instability, potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital. In addition, transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. The Fund might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures that, in some markets, have at times failed to keep pace with the volume of transactions; thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

*Futures and Related Options.* Adviser utilizes futures contracts in pursuing investment strategies on behalf of a Fund. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. A Fund may also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income.

The use of futures and options involves certain special risks. Futures prices are highly volatile at times, and are influenced by many external economic, governmental, and world events. The low margin

deposits normally required in futures trading permits an extremely high degree of leverage, which can result in a substantial gain or loss to a Fund from a relatively small price movement. Additional risks associated with futures trading are described below:

- *Price Volatility.* Futures contracts have a high degree of price variability and are subject to periodic rapid and substantial changes. Price movements for futures contracts which the Account trades may be influenced by, among other things, changing supply and demand relationships, government, trade, fiscal and economic events and changes in interest rates. Governments from time to time intervene, directly and through regulation, in certain markets, often with the intent to influence prices directly. Consequently, substantial losses could occur.
- *Futures Markets are Leveraged and Speculative.* The markets in which a Fund trades are speculative, highly leveraged and involve a high degree of risk. Volatility increases risk, particularly when trading with leverage. Due to such leverage, even a small movement in price could cause large losses for a Fund. Market volatility and leverage mean that the Account could incur substantial losses, potentially impairing its equity base and ability to achieve its long-term profit objectives even if favorable market conditions subsequently develop.
- *Illiquidity of Markets.* Futures positions cannot always be liquidated at the desired price. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as when governments may take or be subject to political actions, which disrupts the markets in their currency or major exports, can also affect the liquidity of the futures markets thereby making it difficult to liquidate a position. Periods of illiquidity have occurred from time to time in the past. Such periods of illiquidity and the events that trigger them are difficult to predict and there can be no assurance that Adviser will be able to do so. There can be no assurance that market illiquidity will not cause losses for a Fund.
- *No Intrinsic Value of Positions.* Futures trading is a risk transfer economic activity. The futures markets are fundamentally different from the securities markets in that for every gain there is an equal and offsetting loss rather than an opportunity to participate over time in general economic growth. Overall stock and bond prices could rise or fall significantly, and the economy as a whole could prosper or falter without regard to whether the Fund trades profitably or unprofitably.
- *Trading on Non-U.S. Exchanges.* Trading contracts denominated in currencies other than U.S. dollars, unless Adviser hedges a Fund against fluctuations in exchange rates, a Fund will be subject to the risk of adverse exchange-rate movements between the dollar and the functional currencies of such contracts. If Adviser does not hedge against fluctuations in the exchange rate, a Fund could incur substantial losses from a Fund's trading on foreign exchanges due to adverse exchange rate movements, which losses might not have occurred had the Fund limited its trading to U.S. markets.

In addition, some non-U.S. exchanges, in contrast to U.S. exchanges, are "principal markets" in which performance with respect to a contract is the responsibility only of the member with which the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such non-U.S. exchanges, a Fund will be subject to counterparty risk, including, among others, counterparty credit risk and the risk that the counterparty will not perform. It is also possible that a Fund will not have the same access to certain trades as do various other participants in non-U.S. markets. Due to the absence of a clearinghouse system on many non-U.S. markets, such markets are significantly more susceptible to disruptions, which may include prolonged suspensions of trading and involuntary settlement of positions at artificial prices, than on U.S. exchanges.

- *Daily Price Fluctuation Limits.* United States commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a particular commodity futures contract has increased or decreased to the limit point, positions in the commodity futures contract can be neither established nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Fund from promptly liquidating unfavorable positions and subject a Fund to substantial losses that could exceed the margin initially committed to such trades.

- *Speculative Position Limits.* The CFTC and domestic exchanges have established speculative position limits (“position limits”) on the maximum position which any person, or group of persons acting in concert, may hold or control in particular futures and options contracts. Adviser is and will continue to be the manager for multiple accounts. Under current regulations, all accounts are combined with the positions held by a Fund under Adviser’s management for position limit purposes. In addition, Adviser may trade for its own account and the accounts of its principals. This trading could preclude additional trading in such contracts by Adviser for a Fund.

*Risks of Derivative Instruments.* A Fund may engage in a variety of derivative transactions. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Fund.

*Counterparty Credit Risk.* This is the risk that a loss may be sustained by a Fund as a result of the failure of the other party to a derivative (usually referred to as a “counterparty”) to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for over-the-counter derivatives, because the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides additional protections in the event of non-performance by the counterparty. For operational reasons, a Fund may allow a prime broker to retain possession of collateral. To the extent a Fund allows a prime broker or any over-the-counter derivative counterparty to retain possession of any collateral, a Fund may be treated as an unsecured creditor of such counterparty in the event of the counterparty’s insolvency. (See “Custodial Risk” and “Counterparty Risk.”)

*Liquidity Risk.* Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many over-the-counter derivatives or the credit markets), it may not be possible to initiate a transaction or liquidate a position at an advantageous price. Less liquid derivatives may also fall more in price than other securities during market falls.

*Leverage Risk.* Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

*Hedging Transactions.* A Fund may utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) facilitate the sale of any such investments, (ii) enhance or preserve returns, spreads or gains on any investment, (iii) hedge the interest rate or currency exchange



rate on any of a Fund's liabilities or assets, (iv) protect against any increase in the price of any investment in a Fund anticipates purchasing at a later date or (v) for any other reason that Adviser deems appropriate.

The success of the hedging strategy of a Fund will be dependent upon Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many Securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in any such hedging transactions. For a variety of reasons (e.g., cost and probability of occurrence of risk), a Fund may not hedge against particular risks or may not establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent a Fund from achieving the intended hedge, and failure to hedge or an imperfect hedge may expose a Fund to risk of loss.

*Counterparty Risk.* Certain markets in which a Fund may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the investor 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 a Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. A Fund may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods. A Fund is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of a Fund to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund. Similar risks also arise in connection with derivative instruments and brokerage arrangements that a Fund may put in place. (See "Counterparty Credit Risk" and "Custodial Risk.")

A Fund may only close out "over-the-counter" transactions (including swaps and contracts for differences) with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. Also, if the counterparty defaults, a Fund will have contractual remedies pursuant to the agreement related to the transaction, but there is no assurance that contract counterparties will be able to meet their obligations pursuant to such contracts or that, in the event of default, a Fund will succeed in enforcing contractual remedies. There also may be documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for a Fund to enforce its contractual rights may lead a Fund to decide not to pursue its claims against the counterparty. A Fund thus assumes the risk that it may be unable to obtain payments owed to it under contracts relating to over-the-counter transactions or that those payments may be delayed or made only after a Fund has incurred the costs of litigation.

*Market Liquidity and Leverage.* A Fund may be adversely affected by a decrease in market liquidity for the instruments traded by a Fund (e.g., by impairing a Fund's ability to adjust its positions, balance sheet and risk in response to trading losses or other adverse developments). The size of a Fund's positions may magnify the effect of a decrease in market liquidity for the instruments traded by a Fund. During such

times, Adviser may be unable to effectively dispose of certain assets, which could adversely affect its ability to rebalance its investment portfolio or satisfy redemption requests of a Fund. Such circumstances may also force Adviser to dispose of a Fund's assets at reduced prices, thereby adversely affecting a Fund's performance. The existence of other market participants seeking to dispose of similar assets at the same time could also adversely affect a Fund's liquidity and Adviser's ability to prevent losses with respect to such assets. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) may also adversely affect a Fund's positions.

*Portfolio Turnover.* A Fund has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in the opinion of Adviser, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce a Fund's investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.

*Risks of Trade Errors.* The investment strategies employed by Adviser contemplate frequent and regular trading by Adviser, which, as a result, may subject a Fund to a heightened risk of loss due to trading errors. Generally, the Adviser defines a trade error as occurring in circumstances where either (i) the Adviser trades a contract outside of the specified list of permitted instruments (whether established by the Adviser's Chief Investment Officer or set forth in an Advisory Agreement) or (ii) the Adviser makes an error in execution, allocation or give-up of the target trades set by the Adviser's models. Notwithstanding the foregoing, there are circumstances where deviations from target trades do not constitute trade errors. Such circumstances include, but are not limited to, cases where markets unexpectedly close, cases where exchange price limits are hit, cases where, in the sole judgment of the Adviser, either prior or during execution of such trade, Adviser determines that full execution of the target trade may be impractical due to lack of liquidity in the market, and cases where the target size is below the threshold set for a minimum trade size. For the avoidance of doubt, whereas the Adviser has put multiple safeguards in place to reduce the probability of system issues with its systematic processes such as model, data and software errors, omissions, imperfections and malfunctions, such system issues do not constitute trade errors.

Adviser has adopted the following procedures related to trade errors. Upon discovering a trading error, the strategist must inform Adviser's chief compliance officer (the "Chief Compliance Officer") of such error and the steps, if any, which have been taken to correct the error. To the extent a trade error occurs across multiple accounts, to the extent possible, the trading error is allocated to the accounts in accordance with the allocations rules established by Adviser's trade allocation policy. Upon reporting to the Chief Compliance Officer, the Chief Compliance Officer is provided with any further research required as to the nature of the trading error and how the error was resolved. Adviser's Principals and the Chief Compliance Officer then discuss what changes may be made to Adviser's trading and operations processes and/or if new policies and procedures should be adopted in order to try to prevent a similar error from occurring in the future.

Although every effort is made to solve trading errors and to take steps to mitigate losses, Adviser relies on the various provisions including liability and indemnification provisions in the Advisory Agreements of each of the Funds and the Managed Accounts to determine Adviser's resulting liability, if any, to each of its relevant clients. The Funds' Advisory Agreements currently provide that neither Adviser nor any of its affiliates are contractually liable for (i) any acts or omissions arising out of, or in connection with, the client, any investment made or held by the client or any governing agreement, unless such action or inaction was performed or omitted fraudulently or in bad faith or constituted gross negligence (as defined under Delaware Law) or willful misconduct, or for losses due to such action or inaction or (ii) the negligence, dishonesty or bad faith of any broker or agent of the client, provided that such broker or agent was selected, engaged or retained by Adviser or an affiliate in good faith. Although the Advisor seeks to

negotiate the same standard in the Advisory Agreements with the Managed Accounts, the governing law may be different and the Managed Account may require additional procedures and policies, including but not limited to the reporting of any trade errors and that, notwithstanding the specified standard of care, the Advisor bear losses incurred with respect to any trade errors.

As a result of reliance on the standards of liability and indemnifications under the Advisory Agreement, unless the Advisory Agreement explicitly provides otherwise, any negative or positive results of trading errors are generally borne by the Funds and Managed Accounts to the extent Adviser and its affiliates adhere to the contractual standard of care.

Adviser may negotiate Advisory Agreements with differing standards of care, differing governing laws, and different contractual language specifically defining trade errors and/or addressing the resolution of trading errors.

*Risks of Reliance on Models.* Trading decisions made by Adviser for a Fund are based on a variety of statistical models, including forecast models, risk models, cost models and beta models. As applicable, the profitability of a Fund depends on the accuracy of the underlying forecast and cost models; the risk control of a Fund relies on the accuracy of the risk models; and the market exposure of a Fund relies on the accuracy of the beta models. These models have been developed over time as a result of research and trading, but no assurance can be given of their accuracy. Flaws in these models could prevent a Fund from achieving its investment objectives.

*Other Instruments and Future Developments.* A Fund may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized “synthetic” or derivative investments in the future. In addition, a Fund may take advantage of opportunities with respect to certain other “synthetic” or derivative instruments which are not presently contemplated for use by a Fund or which are currently not available, but which may be developed to the extent such opportunities are both consistent with a Fund’s investment objective and legally permissible for a Fund. Special risks may apply to a Fund’s investments in the future.

*Custodial Risk.* A Fund’s prime brokers will have custody of a Fund’s securities, cash, distributions and rights accruing to a Fund’s securities accounts. At this time, each Fund has entered into prime brokerage agreements with one or more prime brokers organized and/or operating in the United Kingdom or other non-U.S. jurisdictions (such prime brokers, the “Non-U.S. Prime Brokers”), which prime brokers may be unregulated affiliates of prime brokers that are registered U.S. broker-dealers (“U.S. Prime Broker”). In addition, to the extent a Fund enters into prime brokerage agreements with U.S. Prime Brokers, such U.S. Prime Brokers may allow for the transfer of collateral or assets to a Non-U.S. Prime Brokers. Non-U.S. Prime Brokers may be subject to regulatory regimes that are substantially different from the regulatory regime governing U.S. Prime Brokers and that do not provide customer protections similar in scope to the customer protections provided by the U.S. regulatory regime. As such, following the insolvency or bankruptcy of a Non-U.S. Prime Broker, a Fund may be unable to recover all, or a substantial portion of, the collateral and other Fund assets held by such Non-U.S. Prime Broker and a Fund may be viewed as a general unsecured creditor in any bankruptcy or insolvency proceeding with respect to such Non-U.S. Prime Broker. In such circumstances, a Fund would seek to vigorously pursue its claims against such Non-U.S. Prime Broker for the return of such assets, although no assurance can be given that any such recovery could be made. In addition, following the insolvency or bankruptcy of a Non-U.S. Prime Broker, a Fund might be unable to transfer or close out open positions with such Non-U.S. Prime Broker. If a Fund is unable to adequately hedge such open positions, a Fund could incur significant liabilities to the Non-U.S. Prime Broker.

Additionally, the amount of leverage that a Fund may obtain from a Non-U.S. Prime Broker may be significantly greater than the leverage that a U.S. Prime Broker could provide to a Fund under U.S. law, and, unlike a U.S. Prime Broker, a Non-U.S. Prime Broker may have few or no restrictions on its ability to rehypothecate collateral and other Fund assets held by the Non-U.S. Prime Broker. To the extent that a prime broker has rehypothecated any assets of a Fund, a Fund may be unable to recover such assets in a bankruptcy or insolvency proceeding and may only have an unsecured claim against the prime broker for the value of such assets.

*Coronavirus Outbreak Risks.* The recent global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and governmental actions, in the UK, US and elsewhere, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the global economy. Furthermore, the Adviser’s ability to operate effectively, including the ability of its personnel or its service providers, including its clearers and other contractors, to function, communicate and travel to the extent necessary to carry out the Advisers’ business and the investment strategies and objectives of the Fund’s and the Managed Accounts may be impaired. The spread of COVID-19 among the Adviser’s personnel and its service providers would also significantly affect the Adviser’s ability to properly oversee its business and investment strategies (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of investment activities or operations of the Adviser or any of the Adviser’s Funds or other managed accounts.

#### *Other Possible Risks*

There is no assurance that the above list is complete or that there are no other risks that may exist now or may arise in the future.

### **ITEM 9. DISCIPLINARY INFORMATION**

Item 9 is not applicable to Adviser, as it has no reportable material legal or disciplinary events.

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

#### **Related Commodity Pool Operators/Commodity Trading Advisors**

Adviser is registered as a commodity pool operator (“CPO”), commodity trading adviser (“CTA”) with the Commodities Futures Trading Commission (the “CFTC”). Each of Mr. Eterovic, Mr. Lau and Mr. Kassam are registered as associated persons of Adviser.

ECP (US), an affiliate of Adviser, is registered as both a commodity pool operator (“CPO”) and CTA with the CFTC. ECP (US) serves as the primary CPO of SQP, the Onshore Fund and the Offshore Fund (for the purposes of this section, the “Pools”). In such capacity, ECP (US) is responsible for certain oversight and reporting functions of the Pools. ECP (US) may also serve as a CTA with respect to the Managed Accounts. Mr. Leahy is registered as an associated person of ECP (US).

ECP (Cayman), the ultimate holding company of Adviser, is registered as a CTA with the CFTC. ECP (Cayman) serves as a CTA to the Pools as well as to many of the Managed Accounts. ECP (Cayman) has further delegated its CTA responsibilities to Adviser.

For a description of material conflicts of interest created by Adviser's relationship with the above-mentioned entities, as well as a description of how such conflicts are handled, please see Item 11 below.

### **Alternative Investment Fund Manager Directive**

As of July 22, 2016, the Adviser became registered with the UK Financial Conduct Authority as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Manager Directive ("AIFMD"). AIFMD is applicable to the funds which are considered Alternative Investment Funds ("AIFs") under AIFMD. As of December 31, 2020, the following clients of ECP (UK) were considered AIFs.

Systematic Quest Portfolio Company, Ltd.

Systematic Quest Fund I, LLC; and

Systematic Quest Fund II, LLC.

Moreover, in furtherance of the rules under AIFMD, the investment management agreements with the AIFs appoint the Adviser as the sole AIFM for each AIF and in such capacity exercises discretionary investment management authority and is responsible for meeting the requirements of AIFMD with respect to the AIFs.

### **Related Managing Member**

Episteme Capital serves as the Managing Member of the Onshore Fund. For a description of material conflicts of interest created by the relationship between Adviser and Episteme Capital, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### **Code of Ethics**

Adviser has adopted a Code of Ethics (the "Code of Ethics") that states that it is generally improper for Adviser or employees or certain other persons covered by the Code of Ethics (as used in this Item 11, "employees") to use for their own benefit (or the benefit of anyone other than a client) information about Adviser's trading or investment recommendations for a client or take advantage of investment opportunities that would otherwise be available for a client. The Code of Ethics requires all employees to comply with applicable U.S. federal securities laws at all times.

The Code of Ethics outlines written policies regarding personal trading in any brokerage or trading account in which an employee, or any member of such employee's immediate family, has any direct or indirect control or beneficial ownership. The personal trading policies adopted by Adviser generally require employees to seek pre-approval prior to trading all securities. Adviser's Legal & Compliance Department (the "Legal & Compliance Department"), under the supervision of the Chief Compliance Officer, reviews such requests prior to approval to ensure no conflicts with transactions being undertaken or contemplated to be undertaken on behalf of a Fund or a Managed Account. An employee is required to disclose all of his or her personal account holdings to Adviser upon employment. Subject to certain exemptions, employees of Adviser must provide Adviser with contemporaneous duplicate copies of all account statements. Further, on a quarterly basis, employees must certify such account statements show

all transactions and/or provide details of any transactions not reflected in such statements as well as provide annual holdings reports.

The Code of Ethics requires the Legal & Compliance Department to regularly monitor all trading activity in personal accounts to determine whether all personal trading activity in its employees' accounts is consistent with the requirements set forth in the Code of Ethics and does not otherwise indicate any improper trading activities. Employees are required to immediately report any violation of Adviser's personal trading policies to the Chief Compliance Officer.

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of Adviser, which is available to clients and prospective clients upon request sent to [legal@epistemecap.com](mailto:legal@epistemecap.com).

### **Conflicts of Interest**

The material reportable conflicts of interest encountered by a Fund or a Managed Account include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund or Managed Account. Other conflicts may be disclosed throughout this brochure and in the Offering Documents of each Fund and these materials should be read in their entirety. Adviser has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

*Allocation of Investments.* Consistent with its written Trade Allocation Policy, in order to effectuate transactions, Adviser generally effects aggregated or combined trades (solely with respect to its futures portfolios) to facilitate execution although such aggregation, may at times, disadvantage one client over another with respect to a particular trade. Such aggregated trades are generally aggregated pro-rata based upon capital or designated trading level among each account (including a Fund) trading the same strategy. The pro-rata allocation may be changed if a different allocation method is deemed equitable based on (1) investment restrictions relevant only to a specific client, (2) the need to rebalance portfolios as a result of market moves or changes in capital or trading level, (3) the relative scale of existing positions, (4) a target investment recommendation is below a minimum threshold due to the relative size of the client or (5) any other reasons related to ensuring each client receives advice consistent with the Fund's Offering Document and/or Advisory Agreement. The Trade Allocation Policy governs both the initial sizing of an aggregated trade as well as the resulting allocation of filled orders. The Legal & Compliance Department reviews all aggregated orders at least quarterly in order to ensure that over time and in the whole, such aggregation does not disadvantage any particular client or favor one particular client.

A Fund or Managed Account could be disadvantaged because of activities conducted by Adviser or its affiliates for the other accounts as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by Adviser or its affiliates, thereby limiting the size of a Fund's Managed Account's position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions.

Although Funds and Managed Accounts may pursue investment objectives that are similar and investments will generally be allocated proportionately to each account (including a Fund) with similar investment objectives, the underlying portfolios may differ as a result of purchases and redemptions being made at different times and in different amounts, changes in trading levels made more frequently in the Managed Accounts than in a Fund, as well as because of different tax and regulatory considerations.

*Transactions with Affiliates.* The organizational documents of the Funds allow them to participate in transactions in which Adviser, the general partner or managing member of a Fund (or any of their employees, members and/or principals or any limited partner) is directly or indirectly interested. In connection with such transactions, a Fund, on the one hand, and Adviser, the general partner or managing

member of a Fund, their employees, members and/or principals or limited partners, on the other hand, may have conflicting interests. Adviser and the general partner or managing member of a Fund may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by a Fund) with an affiliate of the Fund (including other Funds), including with respect to the consideration offered by, and the obligation of, Adviser, the general partner or managing member of a Fund, and other affiliates.

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with Adviser’s management of the Funds, Adviser and its affiliates may engage in principal transactions. Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Although Adviser does not generally intend to engage in principal transactions, the Offering Documents and other documents relating to the Funds generally contain additional restrictions on the ability of the Funds or Adviser to engage in principal transactions. In particular, in the event Adviser wishes to engage in a principal transaction with a Fund, the Offering Documents of the Funds provide for the establishment of either an Independent Client Representative or a Conflicts Review Committee to consent to any such transaction.

*Personal Trading.* The Fund organizational documents do not prohibit the Adviser, the managing member or general partner of a Fund, their affiliates, or their respective employees, members and/or principals or any other partner from buying or selling securities or commodity interests for their own account. The records of any such trades by the Adviser, the managing member or general partner of a Fund, their affiliates or their employees, members and/or principals will not be open to inspection by the Funds’ investors. Adviser maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest (see “Code of Ethics” above).

## **ITEM 12. BROKERAGE PRACTICES**

### **Brokerage Policy and Procedures**

It is Adviser’s policy to execute portfolio transactions for client accounts in the best interests of clients, including to seek to obtain “best execution” of each and every transaction made by Adviser for a client’s account (except where Adviser does not have the authority to select the broker or dealer or to negotiate the price or commission). The term “best execution” means seeking the best price and execution for a security in the marketplace as well as ensuring that, in executing client transactions, clients do not incur unnecessary brokerage costs and charges. Adviser is not obligated to obtain the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for clients. Adviser has adopted the following procedures to help it apply this policy.

### **Selection of Broker-Dealers**

Adviser is solely responsible for choosing the executing, prime and clearing brokers and futures commission merchants for the Funds. In addition, although Adviser generally has discretion with respect to the selection of the executing brokers for Managed Account transactions, the Managed Accounts

typically determine the selection of the relevant prime or clearing broker and futures commission merchant.

In negotiating commission rates and selecting brokers and/or dealers, Adviser will take into account a full range and quality of a broker's and/or dealer's services, including but not limited to the following factors:

- a. the price obtained and the commission rates, mark-ups or mark-downs, independent amounts or margin (e.g. haircuts) and other costs of execution charged;
- b. the execution capabilities required by the transactions;
- c. the broker's and/or dealer's trading expertise, execution ability, facilities, clearing capabilities and financial services offered;
- d. the ability of the broker and/or dealer to execute similar transactions in liquid and, if relevant, illiquid markets at competitive market prices without disrupting the relevant market;
- e. the broker's and/or dealer's ability to provide timely execution based on the size of order, difficulty of execution and current market conditions;
- f. the range of services offered by the broker and/or dealer, including the range of markets and products covered, and quality of brokerage services provided;
- g. the creditworthiness, integrity and responsiveness of the broker and/or dealer;
- h. with respect to derivative transactions, the willingness of the broker and/or dealer to accept and consent to assignments in a reasonable and timely manner; and
- i. other matters relevant to the selection of a broker and/or dealer for portfolio transactions for any client.

Since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

### **Research and Other Brokerage Services**

Adviser believes that valuable brokerage services may be provided to the Funds and Managed Accounts by brokerage firms effecting transactions for the Funds. Accordingly, Adviser does not intend to seek lower brokerage commissions to the extent that doing so might detract from the provision of brokerage services. Notwithstanding the foregoing, due to changes under the European Union revised the Market in Financial Instruments Directive II ("MIFID II") effective as of January 3, 2018, the Adviser, as a full scope AIFM, is within the scope of new MIFID II rules related to the unbundling of research. The Adviser currently intends to pay directly for such services, including research, that its brokers have determined requires unbundling from other services but may consider entering a research payment account in the future. Further, the Adviser may still accept other brokerage services that do not fall either within the scope or jurisdiction of the MIFID II unbundling rules. As it further refines, formulates and implements its policies with regards the use of commissions or "soft dollars" it is Adviser's intent to stay within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

When Adviser uses brokerage commissions to obtain additional services, Adviser receives a benefit because Adviser may not have to pay for such services. Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the service, rather than in Adviser's client's interest in receiving most favorable execution.

### **Directed Brokerage**

Adviser generally does not have client directed brokerage arrangements. Use of directed brokerage arrangements may deprive a client of benefits that might otherwise be obtained by "bunching" the client's



order with orders for other Adviser client accounts and may result in the client's paying a higher commission rate, receiving less favorable execution than if Adviser had discretion to select the broker or negotiate the commission rate, or orders being placed at different times and potentially after orders are placed for clients who have not implemented directed brokerage arrangements.

### **Aggregation of Orders**

Adviser generally "bunches" buy or sell orders for two or more accounts (solely with respect to its futures portfolios) into a single large order and places the bunched order with a single broker or dealer for execution. In many instances, such "bunching" of orders can result in more efficient execution than if each order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular account (including a Fund) would have obtained by trading separately. See Item 11 "Conflicts of Interest" above for more information regarding conflicts of interest related to aggregating or "bunching" orders.

## **ITEM 13. REVIEW OF ACCOUNTS**

### **Oversight and Monitoring**

Adviser provides continuous advisory services for the Funds and Managed Accounts. The portfolio investments of each Fund are primarily reviewed by a team of investment professionals, which currently includes the Principals and Adviser's strategists.

### **Reporting**

Adviser provides reports in accordance with the applicable Fund's organizational and Offering Documents and as may be agreed with particular investors. Adviser has engaged an independent public accounting firm to prepare audited financial statements of the Funds generally within 120 days of the end of each fiscal year or such shorter period as may be set forth in a Fund's governing documents) or as soon as reasonably practicable thereafter.

Adviser provides reports to the Managed Accounts as agreed in the relevant Advisory Agreement.

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

While not a client solicitation arrangement, Adviser may from time to time engage one or more persons to act as a placement agent in connection with the offer and sale of interests in the Fund to certain potential investors or in connection with the establishment of a Managed Account. Such persons generally will receive a fee which fees are generally paid by Adviser or an affiliate. To the extent any such compensation has been paid with respect to a subscription by an investor or establishment of a Managed Account, such compensation is disclosed in the subscription documents of such investor or the Managed Account documentation.

## **ITEM 15. CUSTODY**

Item 15 is not applicable to Adviser, as the Funds' "qualified custodian" is not required to send account statements directly to Adviser's clients under the custody rule.

## **ITEM 16. INVESTMENT DISCRETION**

Adviser provides investment advice directly to the Funds and Managed Accounts pursuant to an Advisory Agreement. With respect to the Funds, such advice is subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not directly to the investors in the Funds.

With respect to the Managed Account, the client may specify within the Advisory Agreement an affiliated entity which may provide an oversight function and/or limitations of discretion. Powers of attorney and any restrictions on Adviser's authority are set forth in the organizational documents and subscription documents of the Funds and the Advisory Agreements of the Managed Accounts.

## **ITEM 17. VOTING CLIENT SECURITIES**

In order to comply with Rule 206(4)-6 of the Advisers Act, Adviser has adopted Proxy Voting Policies and Procedures with respect to those client accounts (1) which contain voting securities and (2) with respect to which Adviser has the right to vote such client proxies. As of the date of this Brochure, the only accounts which contain voting securities are only available to internal investors.

Adviser acknowledges that it is part of its fiduciary duty to vote client proxies in cases in which the cost of doing so, in the judgment of Adviser, does not exceed the benefits to the relevant clients. Based on the type of equity strategies conducted by Adviser on behalf of its accounts, Adviser has determined the costs outweigh the benefits. This determination is based upon several factors. The expected holding periods are determined based on multiple market signals, without regard to voting matters. As a result, the accounts may hold voting securities for a short time period which is coincidental with a shareholder record date for a meeting and very well may liquidate such positions prior to the actual meeting. Under such circumstances, given the sheer number of expected positions, it may not be cost effective to monitor, review proposals and vote at such meetings. Further, the accounts may hold significant amount of its positions in non-US securities. While proxy voting is well established in the United States and other developed markets, voting proxies of non-US companies located in certain jurisdictions, particularly emerging markets, may involve a number of logistical problems that may have a detrimental effect on Adviser's ability to vote such proxies.

As part of Adviser's voting policies and procedures, in order to ensure that Adviser does vote in circumstances where the benefits of voting would exceed the costs, the Chief Compliance Officer is charged with periodically reviewing the trading strategy employed by the Adviser to ensure the factors influencing the determination not to vote are still relevant. In addition, as new accounts are opened, the Chief Compliance Officer will review such account to determine (1) whether the account is expected to contain voting securities, (2) whether the client has delegated proxy voting authorization to Adviser and (3) whether the strategy employed necessitates the voting of proxies in order for Adviser to fulfill its fiduciary duties.

A copy of Adviser's voting policies and procedures is available to any client upon request sent to [legal@epistemecap.com](mailto:legal@epistemecap.com).

## **ITEM 18. FINANCIAL INFORMATION**

Item 18.A is not applicable to Adviser, as it does not require or solicit prepayment of fees six months or more in advance.

In response to Item 18.B, Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.

Item 18.C is not applicable to Adviser, as it has not been subject to a bankruptcy petition during the past ten years.

## **ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Item 19 is not applicable to Adviser as it is not registered with any State securities authority.