

Part 2A of Form ADV: Firm Brochure  
Item 1 Cover Page

**Diorite Capital Management, LLC**  
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**Jackson Heights, NY, 11372**  
[www.dioritecapital.com](http://www.dioritecapital.com)

This brochure provides information about the qualifications and business practices of Diorite Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 703-201-7394 and/or [bryan@dioritecapital.com](mailto:bryan@dioritecapital.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Diorite Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is **167950**.

Diorite Capital Management, LLC's registration as an investment adviser does not imply a certain level of skill or training.

Effective Date: March 2022

## Item 2 Material Changes

Last Annual Update: March 2022

### **Summary of Material Changes**

This section will be updated as required in the event any material changes are made to the Diorite Capital Management, LLC Firm Brochure (the “Brochure”):

### **Delivery Requirements**

We will provide a summary of any material changes to this Brochure to our clients at least annually, within 120 days of our fiscal year end. Furthermore, we will provide our clients with other interim disclosures about material changes as necessary.

A complete copy of our current Form ADV Part 2A and/or 2B may be requested free of charge by contacting us by telephone at 703-201-7394 or by email at [bryan@dioritecapital.com](mailto:bryan@dioritecapital.com).

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## Item 4 Advisory Business

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### FIRM DESCRIPTION

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Diorite Capital Management, LLC (hereinafter referred to as “Diorite Capital Management”, “we”, “us”, or “our firm”) is a SEC-registered limited liability company with its principal office located in Jackson Heights, New York and has been in business as a registered investment adviser since 2013. The principal owner of the firm is Bryan Keith Godfrey-Lanoue who also serves as Managing Member and Chief Compliance Officer.

As a registered investment adviser, we are a fiduciary to you, our client, meaning we have a fundamental obligation to act and provide investment advice that is in your best interest. Should any material conflicts of interest exist that might affect the impartiality of our investment advice, they will be disclosed to you in this Brochure. We urge you to review this Brochure carefully and consider our qualifications, business practices and the nature of our advisory services before becoming our client.

At this time, Diorite Capital Management provides advisory services to one private pooled investment vehicle, Diorite Partners, LP, a Delaware limited partnership. Diorite Capital Management also provides advisory services as a sub-adviser to three (3) other private pooled investment vehicles: (i) Boothbay Absolute Return Strategies, LP (“Boothbay Absolute Return Strategies”), a Delaware limited partnership; (ii) Walleye Manager Opportunities LLC (“Walleye Manager Opportunities”), a Delaware limited liability company; and (iii) Walleye Opportunities Master Fund Ltd. (“Walleye Opportunities Master Fund”), a Cayman Islands exempted company. Boothbay Fund Management, LLC and Walleye Capital LLC, both SEC-registered advisers, each respectively reports (a) Boothbay Absolute Return Strategies, and (b) Walleye Manager Opportunities and Walleye Opportunities Master Fund in Section 7.B.(1) of Schedule D of their Form ADVs.

As of February 9, 2022, Diorite Capital Management manages \$134,080,353 USD of client assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

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### ADVISORY PROGRAMS

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Diorite Capital Management provides investment management services to our clients. In connection with our investment management services, Diorite Capital Management provides advice with respect to exchange-listed securities. Our advice is generally limited to these types of investments, but we reserve the right to advise or not advise our clients on certain investments should we deem it appropriate based on their particular circumstances.

Diorite Capital Management’s advisory services are tailored to the needs of our clients based on their individual investment objectives, risk tolerance, cash or income needs, and any investment restrictions. Although Diorite Capital Management seeks to accommodate any

reasonable investment restrictions or guidelines set by our clients, we may decline to accommodate certain investment restrictions that are incompatible with our firms' investment philosophy or that may have an adverse effect on our ability to manage your account.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's investment guidelines, we will maintain quarterly contact with our clients in terms of portfolio construction, transactions and performance.

The minimum required account balance is \$100,000.

Diorite Capital Management enters into formal written agreements with our clients setting forth the terms and conditions under which we will provide our advisory services (the "Investment Management Agreement"). The Engagement Agreement sets forth the scope of the services to be provided and the compensation we receive from the client for such services. The Investment Management Agreement may be terminated by either party in writing at any time by giving thirty (30) days signed written notice to the other party.

Our advisors offer the advisory service described below to our clients:

### ***Investment Management***

Diorite Capital Management provides discretionary investment management services to pooled investment vehicles. Interests in pooled investment vehicles are privately offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements for private transactions within the U.S.

### ***Separately Managed Accounts***

Diorite Capital Management provides investment management services on a discretionary basis to separately managed account. We provide investment management services in which clients grant our firm the ability to utilize discretion in managing their investment account(s). Specifically, the client grants our firm full power to direct, manage, and change the investment and reinvestment of the assets in the account, the proceeds and any additions. Our authority over clients' investments includes discretionary authority to purchase and sell securities for the client's account, to submit aggregated trade orders for the client and others in order to obtain best execution, and to give instructions concerning these transactions to the qualified custodian with which the clients' accounts are held. We are not required to first consult with clients before placing any specific order or obtain specific authorization from the client for each specific transaction. We receive discretionary authority from our clients through our advisory agreement at the outset of our advisory relationship. We generally do not manage accounts on a non-discretionary basis.

**Important Note:** It is the client's responsibility to ensure that Diorite Capital Management is promptly notified if there are ever any significant changes to their financial situation, goals, objectives or needs so we can review our previous recommendations and make any necessary adjustments.

## Item 5 Fees and Compensation

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### ADVISORY FEES

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The following information describes how Diorite Capital Management is compensated for the advisory services we provide to our clients. The specific manner in which fees are charged and the compensation we receive may differ between clients depending upon the individual Investment Management Agreement with each client and the type of client, non-qualified clients versus qualified clients. Diorite Capital Management reserves the right to negotiate our compensation with clients depending on the scope of our advisory relationship, and we may charge higher or lower fees than are available from other firms for comparable services. Diorite Capital Management has the general discretion to waive all or a portion of our fees, but typically only exercises this discretion for our employees.

**A. Investment Management Fees – Non-Qualified Clients.** In consideration for providing investment management services, Diorite Capital Management receives compensation from our **non-qualified clients** based on a specified percentage of the assets we manage, as described below.

**Management Fee.** For **non-qualified clients**, pursuant to the terms of the Investment Management Agreement with the client, Diorite Capital Management charges an annualized fee of **2%** based on the client's assets under management ("AUM"), taken monthly in advance.

**B. Investment Management Fees – Qualified Clients.** In consideration for providing investment management services, Diorite Capital Management receives compensation from our **qualified clients** based on (i) a specified percentage of the assets we manage and/or, (ii) performance achieved for the client's account, as described below.

- (i) Only Management Fee.** For **qualified clients** who do not wish to be charged a performance fee, pursuant to the terms of the Investment Management Agreement with the client, Diorite Capital Management charges an annualized fee of **2%** based on the client's assets under management ("AUM"), taken monthly in advance.
- (ii) Performance Fee(s).** For **qualified clients**, if agreed upon in writing and pursuant to the terms of the Investment Management Agreement with the client, Diorite Capital Management may charge either:

**(a) Performance Fee Option One.**

Pursuant to the terms of the Investment Management Agreement with the client, Warner Investments charges an annualized fee of up to 2% based on the client's assets under management ("AUM"), taken monthly in advance and if agreed upon in writing, an additional performance-based profit allocation of up to 20% of each investor's quarterly net realized and unrealized profits; provided, however, that such performance-based compensation is also subject to a loss carry-forward provision, also known as a "high water mark," so that the performance-based compensation will only be deducted when the investor's account value at quarter end, measured on a cumulative basis and net of any losses, exceeds the highest historic account value. Should the account drop in value, then we will not receive performance-based compensation until the previous high-water mark is met. Our performance-based profit allocations are deducted from each investor's account at the end of each quarter or when an investor makes a withdrawal (pro-rated based on the amount withdrawn). These fees are subject to specific negotiations with each particular client.

**(b) Performance Fee Option Two.** In consideration for providing investment management services and pursuant to the Investment Management Agreement with the client, Diorite Capital Management charges an annualized Performance-based fee, ranging from 17% to 20%. The Performance-based fee is calculated and payable quarterly in arrears as of the last day of each quarter in an amount equal to 50% of the accrued but unpaid Performance-based Fee. Performance-based Fees shall be due no later than 15 business days following the end of the applicable quarter. The Investment Management Fee will be a non-refundable "draw" against the Performance-based Fee, as described below.

Subject to any Performance Fee Percentage Adjustment then in effect, Client shall pay Advisor a performance fee (the "Performance Fee") for each *Calculation Period* ("Quarter") equal to (I) the product of (i) 0.20 (expressed as a percentage, the "Performance Fee Percentage") multiplied by (ii) the Account's *Net Profit* (as defined below) for such Calculation Period ("Quarter"), reduced for any unrecouped Carryforward Loss (as defined and described below), less (II) the amount of aggregate Advisor Charges (as defined below) paid by Client with respect to such Calculation Period.

- a) "**Calculation Period**" means (i) initially, the period from the Effective Date through December 31, 2014; and (ii) subsequently, the period from the end of the immediately preceding Calculation Period through December 31 of the year of calculation (or, if earlier, the date of a termination of this Agreement). Each Calculation Period shall include any Sub-Calculation Period(s), as defined below, if applicable.
- b) "**Net Profit**" or "**Net Loss**" with respect to a Calculation Period means the aggregate net investment profits or losses, as applicable, both realized and

unrealized, in the Account including, without limitation, any dividends, interest and other payments, less Account Expenses (as defined below) for such Calculation Period.

- c) **"Sub-Calculation Period"** means the period during which a Performance Fee Percentage Adjustment is in effect.

**Carryforward Loss.** If the Account suffers a *Net Loss* for a *Calculation Period*, the amount of such *Net Loss* (the *"Carryforward Loss"*) will be carried forward and deducted from *Net Profits* in each succeeding *Calculation Period* for the purpose of determining the *Performance Fee* until the full amount of the *Carryforward Loss* has been offset by *Net Profits*. If the Buying Power is reduced (other than as a result of trading losses), any *Carryforward Loss* shall be proportionately reduced as well.

- **Calculation and Payment of Performance Fees.** Client shall calculate the Performance Fee due to Adviser and shall submit such calculation to Adviser within 15 days from the end of the applicable Calculation Period for Adviser's review and approval prior to payment. Upon Adviser's approval of the Performance Fee calculation, Client shall pay, or direct the Fund to pay, the Performance Fee within 15 days thereafter. At Client's option, Performance Fees may be deducted by the Custodian (as defined below) directly from the Account or in the alternative may be paid directly to Adviser by Client or the Fund outside of the Account. Adviser shall not direct the Custodian to pay any Performance Fee. Instructions to the Custodian for payment may come only from Client."

**Additional Fees and Expenses.** Clients will incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or qualified custodian through which account transactions are executed. For more information on our brokerage practices, please refer to Item 12 (Brokerage Practices) of this Brochure.

The fees that clients pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange traded funds (described in each fund's prospectus) to their shareholders. The fees charged directly by mutual funds and exchange traded funds will typically include a management fee and other fund expenses.

To fully understand the total costs associated with their investment portfolio, clients should review all the fees charged by mutual funds, exchange traded funds, our firm and others.

**Limited Prepayment of Fees.** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Termination.** The Investment Management Agreement with our clients may be terminated by either party at any time upon thirty (30) days written notice. Upon termination of our status as



the client's investment adviser, Diorite Capital Management will not take any further action with respect to the client's account(s) unless specifically notified by the client in writing. Clients will be responsible for instructing their custodian and monitoring their account for the final disposition of assets.

**Refunds.** Fees paid in advance are considered earned and non-refundable up to the effective date of the termination of Investment Management Agreement. Upon receipt of a proper notice of termination from the client, as described in the Investment Management Agreement, we will calculate a pro-rata refund for the unearned portion (if any) of the fee. For clients that pay in arrears, any earned unpaid fees will be billed on a pro-rata basis based on the amount of work performed by us up to the point of termination.

Upon receipt of a proper notice of termination from the client, as described in the Investment Management Agreement, any earned unpaid fees will be billed on a pro-rata basis based on the amount of work performed by us up to the point of termination.

**Brokerage Commissions.** Diorite Capital Management does not receive brokerage commissions from the sale of securities or other investment products. Our compensation for recommending securities and investment products is limited to the advisory fees described above.

Any material conflicts of interest between clients and Diorite Capital Management or our employees are disclosed in this Brochure. If at any time, additional material conflicts of interest develop, Diorite Capital Management will provide our clients with written notification of those material conflicts of interest or an updated Brochure.

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

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### PERFORMANCE BASED FEES

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At the end of each quarter, clients and subsequently those investors who are deemed as qualified clients may pay Diorite Capital Management a Performance-based Fee, as described above in response to Item 5.

All investors who are assessed a Performance-based Fee must meet the definition of a "qualified client". A "qualified client" means:

1. A natural person who, or a company that, immediately after entering into the advisory contract has at least \$1,000,000 under the management of the investment adviser; or
2. A natural person who, or a company that, the investment adviser entering into the advisory contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the advisory contract, either:

- a. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000. For purposes of calculating a natural person's net worth:
    - i. The person's primary residence must not be included as an asset;
    - ii. Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
    - iii. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
  - b. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the advisory contract is entered into; or
3. A natural person who immediately prior to entering into the advisory contract is:
- a. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
  - b. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

Diorite Capital Management does not provide side-by-side management.

## Item 7 Types of Clients

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### TYPES OF CLIENTS

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Diorite Capital Management offers investment advisory services to a diversified group of clients including high net worth individuals, proprietary trading firms and pooled investment vehicles (e.g. hedge funds). Client relationships may vary in scope and length of service.

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### ACCOUNT REQUIREMENTS

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Diorite Capital Management generally requires a minimum account balance of \$100,000 for our investment management services. However, Diorite Capital Management in its sole discretion

may waive or lower our minimum account balance requirement based on various criteria (i.e., anticipated future additional assets to be managed, related accounts, account composition, negotiations with the client, etc.).

For performance-based fee arrangements, clients must meet the definition of a “qualified client” under Rule 205-3 of the Advisers Act, as described above in response to Item 6.

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

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### METHODS OF ANALYSIS

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The securities analysis method employed by Diorite Capital Management is quantitative analysis. Our main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company’s quantifiable data, such as the value of a share price or earnings per share and predict changes to those data.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

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### INVESTMENT STRATEGIES

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We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with client’s investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client’s account for a year or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price wing in the securities we purchase.

**Trading.** We purchased securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- Having the long-term investment in a security that was designed to be a short-term purchase, or
- The potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

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## RISK OF LOSS

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Any investment carries a certain degree of risk, including a possible loss of principal that clients should be prepared to bear. The value of securities used in all of our strategies may go up or down in response to factors not within our control, such as but not limited to the status of an individual company underlying a security, or the general economic climate. There is no guarantee that any of the investment strategies that our firm employs will outperform the investment strategies used by other firms. Past performance is no guarantee of future results.

Securities investments are not guaranteed, and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

*Short selling* may result in the following risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

*Margin trading.* In volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

## Item 9 Disciplinary Information

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### REQUIRED DISCLOSURES

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Our firm and our management persons have not been involved in any legal or disciplinary events that would have a material adverse effect on the integrity of our management or the services we provide to our clients.

## Item 10 Other Financial Industry Activities and Affiliations

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### OUTSIDE BUSINESS ACTIVITIES

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Neither Diorite Capital Management nor the Managing Member are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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**AFFILIATED ENTITIES**

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Diorite Capital Management has relationships or arrangements with the following affiliated entities that may create a potential conflict of interest:

***Diorite GP, LLC***

Diorite GP, LLC, a sponsor and general partner of Diorite Partners, LP, is affiliated with our firm through common ownership. Any compensation for serving as general partner to Diorite Partners, LP is paid directly to Diorite GP, LLC, and Diorite Capital Management, LLC does not receive any portion of this compensation.

***Diorite Partners, LP***

Diorite Partners, LP, a pooled investment vehicle, is affiliated with Diorite Capital Management, LLC through common control by Bryan Godfrey-Lanoue who serve as managing member of Diorite Partners LP's general partner, Diorite GP, LLC. As previously disclosed in Item 4 (Advisory Business), above, Diorite Capital Management, LLC serves as the investment adviser to Diorite Partners, LP. Because there is common control of our firm and Diorite Partners, LP, there was no independent negotiation of our fees or other terms of the advisory agreement between Diorite Partners, LP and our firm. Although this arrangement may create a conflict of interest to give preferential treatment to Diorite Partnership, LP, we manage this by strictly adhering to the investment strategy and investment allocation policy discussed in the fund documents.

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**OTHER INVESTMENT ADVISERS**

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Diorite Capital Management does not have any business relationships with other investment advisers that create a material conflict of interest for our clients.

Clients should be aware that the receipt of additional compensation by Diorite Capital Management and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Diorite Capital Management endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interest in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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### CODE OF ETHICS

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Diorite Capital Management has adopted a Code of Ethics (the "Code") that sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Diorite Capital Management and our personnel owes a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Clients and prospective clients may request a full copy of our firm's Code of Ethics by contacting our firm in writing at [bryan@dioritecapital.com](mailto:bryan@dioritecapital.com) or calling our firm at 703-201-7394.

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### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

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#### Principal Transactions

Section 206 of 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. The Advisers Act generally requires that, when an investment adviser or its affiliate proposes to purchase a security from, or sell a security to, an advisory 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. In connection with our management of Boothbay Multi-Strategy Fund LP, we may in certain limited circumstances, engage in principal transactions.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to Boothbay Multi-Strategy Fund LP regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and Boothbay Multi-Strategy Fund LP's prior consent to the transaction be received.

We generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving Boothbay Multi-Strategy Fund LP are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations.

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## **PERSONAL TRADING**

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Diorite Capital Management maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by our firm or any access persons of our firm with regards to their personal securities transactions. Personal trading activities are continually monitored to reasonably prevent conflicts of interest.

## **Item 12 Brokerage Practices**

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### **SELECTION OF BROKER-DEALERS**

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Securities transactions are generally executed through Interactive Brokers, LLC. ("Interactive Brokers"), member FINRA/SIPC/NYSE. Interactive Brokers maintains custody of our clients' assets and effects securities transactions for our investment management clients' accounts. Diorite Capital Management is independently owned and operated and is not affiliated with or a related person of Interactive Brokers.

Diorite Capital Management considers a number of factors prior to recommending a particular broker-dealer to our clients, including but not limited to, their familiarity with the securities to be sold or purchased, their execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC and other insurance coverage. The commissions charged by Interactive Brokers are competitive with similarly situated retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect transactions in securities through other broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

**Research and Other Soft Dollar Benefits.** Interactive Brokers offers products or services other than execution that assist our firm in managing and administering client accounts. These may



include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of our fees from clients' accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at Interactive Brokers.

Diorite Capital Management may also receive services from Interactive Brokers or its affiliates that are intended to help our firm manage and further develop our business. These services may include registration support through Greenwich Compliance, website design and technology support. Interactive Brokers also has arrangements with various product vendors, which enable our firm to purchase their products at a discount. These products may include such items as: client reporting and consolidated statement software; client communication software; client relationship management software; compliance assistance; and investment research.

Diorite Capital Management has a soft dollar research arrangement with IB. Under this arrangement, Diorite Capital Management clients pay commissions to Interactive Brokers of up to \$.02 per share on U.S. equity and option transactions. As defined under the Securities Exchange Act of 1934, section 28(e), brokers can use a predetermined portion of client commission dollars to pay research-related costs for clients. Interactive Brokers pays research related expenses on the client's behalf directly to vendors who provide a range of services to Diorite Capital Management including fundamental, technical, and quantitative research as well as portfolio analytics. Diorite Capital Management manages all client portfolios with the help of Interactive Brokers soft dollar research services.

Diorite Capital Management does not participate in any commission-sharing arrangements or receive soft dollar credits. While the benefits we receive from Interactive Brokers do not depend on the amount of brokerage transactions directed to Interactive Brokers, as a fiduciary we are required to disclose that there is an inherent conflict of interest when our firm recommends that clients maintain their assets at Interactive Brokers. These recommendations may be based in part on the benefits we receive from Interactive Brokers, such as the availability of the abovementioned products and services, and not solely on our clients' interest in receiving most favorable execution. Nonetheless, we seek to ensure that the securities transactions effected for our clients represent the best qualitative execution, not just the lowest possible cost.

Our firm routinely compares order execution disclosure information at Interactive Brokers to other broker-dealers to ensure that Interactive Brokers remains competitive in providing best execution for our clients' securities transactions. Although the brokerage commissions and/or transaction fees charged by Interactive Brokers may be higher or lower than those charged by other broker-dealers, in seeking best execution for our clients our firm strives to ensure that our clients pay brokerage commissions and/or transactions fees which we have determined, in

good faith, to be reasonable in relation to the value of the brokerage and other services provided by Interactive Brokers.

**Brokerage for Client Referrals.** Diorite Capital Management does not consider broker-dealer or third-party referrals in selecting or recommending broker-dealers to our clients as this would create a conflict of interest.

**Directed Brokerage.** While Diorite Capital Management may recommend that clients direct transactions through certain broker-dealers, we do not have discretionary authority to determine the broker-dealer to be used for the purchase or sale of securities for client accounts or the commission rates paid to a broker-dealer for client securities transactions.

Generally, Diorite Capital Management may utilize other broker-dealers when requested by the client. Clients of Diorite Capital Management must be aware that if they direct us to use a particular broker-dealer that it may limit our ability to achieve best execution or limit their participation in block trading. As a result, clients may pay higher commissions, have higher transaction costs, or receive less favorable prices. In situations where the client directs us to effect their transactions through a particular broker-dealer, we require such directions to be in writing.

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## **TRADE AGGREGATION**

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As a matter of policy and practice, Diorite Capital management does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

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## **TRADE ERRORS**

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From time to time, our firm may make a trade error when servicing a client's account. When this occurs, we will correct the trade as soon as we discover the error. Trading errors will be corrected at no cost to clients. In most cases, we will correct trade errors via our executing broker-dealer's trade error desk. If there is a cost associated with this correction, such cost is borne by Diorite Capital Management and not the client. Note that we do not credit accounts for market losses unrelated to our error.

## **Item 13 Review of Accounts**

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### **ACCOUNT REVIEWS**

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Diorite Capital Management conducts account reviews on at least a monthly ongoing basis for clients subscribed to our investment management services. The frequency of the review

depends upon a variety of factors such as: the client's risk profile, activity in the account, economic and market conditions, and the client's preferences, if any. Additional reviews may be triggered by changes in the investment objectives or guidelines for a particular client or specific arrangements with the client.

Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by: Bryan Godfrey-Lanoue, Managing Member.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide daily access to Barclays Bank, PLC in regard to portfolio construction, transactions and performance.

Formal client review meetings are generally conducted on a regular basis at intervals mutually agreed upon by the advisor and the client, but no less than annually. During these reviews, any changes in the client's investment objectives are discussed so we can review our previous recommendations and make any necessary adjustments.

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## **ACCOUNT REPORTS**

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Those clients to whom Diorite Capital Management provides investment management services receive at least quarterly reports from our firm summarizing their account(s) and investment results. Reports may be furnished in writing or electronically as requested by the client. Clients are urged to compare the account statements they receive from their custodian to any written reports received from our firm.

Clients have direct and continuous access to their account information and related documents via the password-protected website of the qualified custodian with which their accounts are held.

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

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### **CLIENT REFERRALS**

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Diorite Capital Management does not compensate third-parties (or "solicitors") to promote the investment advisory services offered by our firm, because the solicitor would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act or similar state rules regarding solicitation arrangements before a cash referral fee could be paid to them.

It is our firm's policy not to compensate clients for referring potential clients to our firm, because the client would be considered a solicitor and would have to satisfy requirements

under Rule 206(4)-3 of the Advisers Act or similar state rules regarding solicitation arrangements before a cash referral fee could be paid to them.

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**OTHER COMPENSATION**

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Diorite Capital Management does not receive an economic benefit from anyone who is not a client in exchange for our provision of investment advice or other advisory services.

## Item 15 Custody

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**CUSTODY OF CLIENT FUNDS AND SECURITIES**

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Interactive Brokers is the qualified custodian and maintains custody of client funds in separate brokerage account(s) for each client under the client's name. Diorite Capital Management personnel may assist the client in preparing paperwork to open a new brokerage account at Interactive Brokers, but only the client is permitted to authorize, by their signature, the opening of the account. Interactive Brokers sends an account-opening letter to each client at their physical mailing address after the account is approved.

Clients can access daily, monthly and annual account statements as well as daily trade confirmations through a password protected portion of Interactive Brokers' website, [www.interactivebrokers.com](http://www.interactivebrokers.com). Clients should also expect to receive quarterly account summaries from the qualified custodian by first-class mail. Clients should carefully review the account statements and summaries received from the qualified custodian(s) and compare such official custodial statements to any account reports provided by Diorite Capital Management. Any client that does not receive an account statement or summary from the qualified custodian should call our firm immediately so that we can arrange to have another statement sent by the custodian.

Clients can also access information concerning their account(s) and access (and generally change) the settings for their brokerage account online on the Interactive Brokers website at [www.interactivebrokers.com](http://www.interactivebrokers.com).

## Item 16 Investment Discretion

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**DISCRETIONARY AUTHORITY**

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Diorite Capital Management manages client securities portfolios on a discretionary basis. Diorite Capital Management is granted limited discretionary authority in writing by the client at the outset of the advisory relationship. This limited discretionary authorization gives Diorite Capital Management the authority to manage the client's investment assets at our firm's sole discretion and without consulting with the client in advance, subject to the investment objectives, guidelines and restrictions set by the client. This authorization will remain in full

force and effect until we receive a written termination notice of the Investment Management Agreement from the client.

Diorite Capital Management does not have discretionary authority to determine what broker-dealer to use or the amount of commissions that are charged by the broker-dealer or custodian.

## Item 17 Voting Client Securities

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### **AUTHORITY TO VOTE CLIENT PROXIES**

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Diorite Capital Management does not accept authority from clients with respect to voting of proxies solicited by, or with respect to, the issuers of any securities held in client portfolios. The qualified custodian holding clients' assets will send all such proxy documents it receives to the client so that the client may take whatever action the client deems appropriate. Diorite Capital Management does not offer clients any consulting assistance regarding proxy issues.

## Item 18 Financial Information

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### **REQUIRED DISCLOSURES**

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As previously discussed in this brochure, Diorite Capital Management may accept limited discretionary authority when providing investment management services if agreed upon in writing with the client. Diorite Capital Management does not require clients to prepay more than \$1,200 in fees six months or more in advance.

Diorite Capital Management has no financial commitments that would impair our firm's ability to meet our contractual and fiduciary commitments to our clients and has not been the subject of a bankruptcy proceeding.