

**Item 1. Cover Page**

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**Part 2A of Form ADV  
(The “Brochure”)**

February 29, 2024

This Brochure provides information about the qualifications and business practices of Lake Hill Capital Management, LLC (together with its affiliates as applicable, “Lake Hill”). If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact Robert “Kevin” Beauregard at (212) 792-6677 or [kevin@lakehillgroup.com](mailto:kevin@lakehillgroup.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 the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This item discusses any specific material changes that are made to the Brochure and provides clients with a summary of such changes since the last filing, dated November 8, 2023.

The Adviser's current and potential investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

### **Item 3. Table of Contents**

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

#### **Item 4. Advisory Business**

Lake Hill Capital Management, LLC (“Lake Hill” or “The Adviser”) is a limited liability company formed under the laws of the State of Delaware. The Adviser was formed in 2005 and its principal place of business is located in New York, New York.

The Adviser is a private asset management firm that specializes in quantitative and relative-value strategies in derivatives and underlying securities markets. The Adviser’s products are generally intended for institutional investors. Zemach Sternberg is the managing member of the Adviser.

The Adviser provides advisory services on a discretionary basis to its clients, which include separately managed accounts (“Separate Accounts”) and a pooled investment vehicle (“Fund”) intended for sophisticated and institutional investors. Separate Accounts and the Fund are collectively referred to herein as “Clients.”

The material terms applicable to investments in Lake Hill’s Clients, including the investment objectives of such Clients, are set forth in the Client’s organizational documents, which may include a private placement memorandum, investment management agreement, subscription and operating agreements and other agreements (collectively, the “Offering Documents”). Lake Hill does not tailor the investment advice it provides to its Fund Clients to match the needs of any individual investor in a Fund (a “Fund Investor”). Investors and prospective investors must review the Offering Documents carefully before making or maintaining an investment.

Lake Hill is a private investment manager that specializes in quantitative and relative-value strategies in derivatives markets. Generally, Lake Hill will utilize relative-value trading strategies in global derivative and related markets with the objective of maximizing capital appreciation while minimizing risk through portfolio diversification. Lake Hill will pursue this objective primarily by investing in stocks, options, futures, swaps, warrants, convertible bonds, and related securities. Lake Hill employs the use of highly developed electronic trading systems coupled with quantitative analytics to help achieve its objectives.

Lake Hill may in the future introduce other funds, services and/or investment strategies. For more information on Lake Hill’s investment strategies, please consult the Offering Documents and Item 8. Methods of Analysis, Investment Strategies and Risk of Loss hereof.

Notwithstanding the disclosure set forth in Item 8 hereof, the Adviser will not limit the type of investment advisory services it offers and there are no material limitations to the types of securities in which it may invest (subject to the terms of the Offering Documents). The Adviser can invest in any security and in any sector of the market to carry out the overall objectives of its Clients. Such objectives, strategies and policies are expected to evolve materially over time. The Adviser has complete flexibility to create or organize (alone or in conjunction with others including affiliates) or otherwise utilize special purpose subsidiaries or other special purpose investment vehicles.

As of December 31, 2023, Lake Hill had Regulatory Assets Under Management (“RAUM”) totaling approximately \$ 1,383,999,941, all of which was managed on a discretionary basis. Lake

Hill does not manage assets on a non-discretionary basis. Our RAUM is calculated based upon our reasonable interpretation and good faith assumptions of the SEC guidance: (i) all assets under our supervision and control are included (including any accounts for which we do not receive fees and our proprietary assets); (ii) assets are calculated on a gross, rather than net, basis (and consequently the above dollar amount is not reduced by any margin, other borrowings or other liabilities applicable to client accounts); and (iii) derivatives contracts and similar transactions are valued using a methodology to reflect gross market value.

## **Item 5. Fees and Compensation**

Lake Hill reserves the right to charge some Fund Investors more or less than other Fund Investors for the same management services, depending on various factors, including, for example, the timing of the investment, the number of related investment accounts, or the total size of the Fund Investor's investment with Lake Hill. Fee arrangements with any Separate Account will be individually negotiated. In this regard, Lake Hill has, and may in the future, waive or modify fees for Separate Accounts owned by, or Fund Investors that are, members, employees or affiliates of Lake Hill and relatives of such persons or for certain other investors.

Fees charged are deducted directly from the Client accounts. Lake Hill charges management fees and performance fees that are generally paid quarterly or as separately negotiated in the Client's Offering Documents. If such fee shall be paid in advance, the fee will be prorated for any partial quarters. Terms regarding the payment, prepayment, or refund of fees applicable to any Client may be negotiated on a case by case basis and set forth in such Client's Offering Documents.

For expenses, Lake Hill, at its election, can cover expenses that would otherwise be allocable to its Fund client. Several factors are taken into consideration when allocating an expense to the Fund. These factors include but are not limited to: relative benefit received by the Client from such expense, usage, and strategy complexity. In contrast, Separate Accounts are not allocated expenses other than specifically retained services as outlined in the Client's Offering Documents.

Other fees and expenses that will be payable by a Client will be set forth in detail in the Client's Offering Documents. Subject to limitations set forth in the Offering Documents, such expenses may include, but are not limited to, all of the ordinary and necessary expenses related to the Client's operations including, without limitation, all costs and expenses of the Client incurred in the investigation, holding, purchase, sale or exchange of investments or investment opportunities, fees charged by third party vendors and service providers, travel expenses to the extent incurred in connection with the investigation, making, holding or selling of Client investments, fees and expenses of currency hedges and other bona fide hedging transactions in respect of a Client, and expenses incurred in connection with any litigation involving a Client or a Client investment, interest on borrowed money, brokerage fees, legal fees, audit and accounting fees, taxes applicable to the Client on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, and all expenses incurred in connection with the registration of the Client's securities if required under applicable securities laws or regulations. The Client shall also bear all out-of-pocket expenses of preparing and distributing reports and annual financial statements to the Clients, the cost of liability and other insurance premiums, out-of-pocket costs associated with Client meetings and other meetings with the Client's investors. The Client shall

bear all organizational costs, fees, and expenses actually incurred by or on behalf of Lake Hill or its affiliates in connection with the formation and organization of the Client, including legal and accounting fees, administration fees and expenses incident thereto.

Item 12 further describes the factors that Lake Hill considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

Lake Hill typically charges performance-based fees. Lake Hill may negotiate with each Client to determine whether or not performance-based fees will be charged. The amount of any such performance-based fees will vary based on circumstances including, but not limited to, the size of the account, its use of leverage, hurdle rates, expenses incurred, reporting requirements, and termination provisions all of which are individually negotiated.

It should be noted that, to the extent Lake Hill does charge performance-based fees, Lake Hill's right to receive such performance-based fees may create an incentive for Lake Hill to cause a Client to make investments that are riskier or more speculative than would be the case if Lake Hill did not receive such compensation.

Conflicts of interest would be present to the extent that Lake Hill charges performance-based fees to certain Clients but not to others. In such an instance, Lake Hill would receive compensation based on the returns of the performance-based fee paying Clients and therefore would have an incentive to favor such Clients over the non-performance-based fee paying Clients.

#### **Item 7. Types of Clients**

Lake Hill currently provides investment advice to its Fund and Separate Accounts (whose beneficial owners may be, for example but not limited to, institutional investors, family offices, foundations, or pension plans). Any initial subscription or commitment minimums for investors are disclosed in the applicable Offering Documents.

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

Lake Hill is a private investment manager that specializes in quantitative and relative-value strategies in derivatives markets. Generally, Lake Hill will utilize relative-value trading strategies in global derivative and related markets with the objective of maximizing capital appreciation while minimizing risk through portfolio diversification. Lake Hill will pursue this objective primarily by investing in stocks, options, futures, swaps, warrants, convertible bonds, and related securities. Lake Hill employs the use of highly developed electronic trading systems coupled with quantitative analytics to help achieve its objectives.

Through investments in its Clients, Lake Hill's objective is to provide both institutional investors, foundations, family offices, or pension plans, investment solutions that generate alpha by monetizing hedging demands in the S&P 500 and Russell 2000 options market, or any other

market. Lake Hill warehouses inventory, both long and short, while generally re-optimizing daily to maintain a book of exchange-traded products.

Lake Hill compares market return distributions to identify relative-value trading opportunities in various options markets. These relative-value opportunities form the basis of Lake Hill's Strategy. By expressing the market return distribution in terms of implied volatility, Lake Hill attempts to see the impact of supply and demand on the option market. Portfolios generally are rebalanced daily based on changes in option prices and movement in the underlying.

THE FOLLOWING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE LIST OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN A FUND OR SEPARATE ACCOUNT MANAGED BY LAKE HILL. PROSPECTIVE INVESTORS SHOULD READ THE OFFERING DOCUMENTS OF EACH FUND OR SEPARATE ACCOUNT, WHICH WILL INCLUDE THE MATERIAL RISKS ASSOCIATED WITH THE INVESTMENT STRATEGIES EMPLOYED BY LAKE HILL IN SUCH CLIENT'S PORTFOLIO, AND CONSULT WITH THEIR OWN ADVISERS BEFORE DECIDING WHETHER TO INVEST. AN INVESTMENT IN A CLIENT IS SUITABLE ONLY FOR SOPHISTICATED EXPERIENCED INVESTORS.

Investment in a Client managed by Lake Hill involves significant risk factors and is suitable only for investors that can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment and who meet the conditions set forth in the applicable Client's Offering Documents. There can be no assurances that Lake Hill will achieve its investment objective. Investment in a Client managed by Lake Hill involves a high degree of risk, including the risk of loss of the entire amount invested. The performance-based fee which may or may not be paid to Lake Hill, as described above, creates an incentive for Lake Hill to cause a Client to make investments that are riskier than it would otherwise make. The use of short sales, options, leverage, futures, swaps and other derivative instruments may create special risks and substantially increase the impact of adverse price movements on a Client's portfolio. While Lake Hill intends to invest in liquid securities, there can be no assurance that any of these securities will not become illiquid at some point in time. Moreover, an investment in a Client managed by Lake Hill provides limited liquidity since the interests in such Client are not freely transferable, and the capital accounts are subject to limited withdrawal provisions. Each prospective investor should carefully review the applicable Offering Documents before deciding to invest.

*Forward Trading.* Lake Hill may trade forward contracts. These contracts, unlike exchange-traded futures contracts and options on futures, are not regulated by the CFTC. Therefore, Lake Hill will not receive any benefit of CFTC regulation for these trading activities. These transactions are not exchange-traded so that no clearinghouse or exchange stands ready to meet the obligations of the contract. Thus, Lake Hill faces the risk that its counterparties may not perform their obligations. This risk may cause some or all of Lake Hill's gains to be unrealized. At times, certain market makers have refused to quote prices for forward contracts, or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and sell. If this occurs, Lake Hill may be unable to effectively use its forward trading programs and Lake Hill could experience significant losses.

*Securities Futures Contracts.* Securities futures contracts include both futures contracts on single stocks and futures contracts on narrow-based securities indices. They are treated as both futures and securities and, therefore, are subject to the joint jurisdiction of SEC and the CFTC.

Securities futures contracts are subject to the same risks as other securities, as well as to the greater volatility and risks of futures trading. Since they are new products, securities futures contracts have relatively low liquidity and no trading history.

*Volatility.* Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to Lake Hill. Like other leveraged investments, any purchase or sale of a futures contract may result in losses that exceed the amount invested. Relatively small futures positions have the potential to significantly erode or erase Lake Hill's gains in other investments.

*Margin requirements.* Margin requirements for commodities trading are set by the individual commodity exchanges or other trading facility for each type of commodity contract based upon the perceived volatility of each type of contract. Margin requirements vary not only by the type of commodity contract, but also depending upon whether the transaction is for "bona fide hedging" as defined in Section 1.3(z) of the CFTC Regulations. Margin requirements for transactions that are not bona fide hedging are significantly higher than for bona fide hedging transactions.

*Daily Price Fluctuation Limits.* Commodity exchanges and trading facilities limit fluctuations in certain commodity futures contract 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 futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity cannot be taken or liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. This could prevent the prompt liquidation of unfavorable positions and subject Lake Hill to substantial losses.

*Possible Effects of Speculative Position Limits.* The CFTC and certain exchanges and trading facilities have established "speculative position limits" on the maximum net long or net short positions that any person may hold or control in particular commodities. All futures positions held by all accounts owned or controlled by Lake Hill and its principals may, subject to certain exemptions, be required to be aggregated for purposes of determining compliance with these limits. Trading instructions may have to be modified and Lake Hill's positions may need to be liquidated to avoid exceeding these limits. These actions could adversely affect Clients' operations and profitability. As noted above, certain proposed legislation could limit the trading of speculators (such as Lake Hill) in the futures markets.

*Risk Disclosure.* Commodity futures trading is highly speculative. Price movements of commodity futures contracts are influenced by, among other things, changing supply and demand relationships, governmental, agricultural and trade programs and policies, and national and



international political and economic events.

*Futures.* The price of futures contracts may not correlate perfectly with the movement in the underlying because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, market participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of futures contracts by Lake Hill is also dependent on Lake Hill's ability to correctly predict movements in the direction of the market.

*Options.* Lake Hill may purchase and sell call and put options listed on securities or futures exchanges or traded in the over-the-counter market. A stock fluctuates with changes in the market values of the stocks. Because the value of an option depends upon many factors, whether Lake Hill will realize gains or losses from the purchase or writing of options depends also upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by Lake Hill of options will be subject to the Lake Hill's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

*Derivative Financial Instruments and Instruments Generally.* Derivative securities and instruments, or "derivatives", include securities, instruments and contracts which are derived from and are valued in relation to one or more underlying securities, financial benchmarks or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, Lake Hill's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

Additional risks associated with derivatives trading include:

*Liquidity.* Derivatives, especially when traded in large amounts, may not be liquid in all

circumstances, so that in volatile markets Lake Hill may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which Lake Hill may conduct its transactions in derivatives may prevent profitable liquidation of positions, subjecting Lake Hill to the potential of greater losses. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Lake Hill may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are deemed by Lake Hill to be consistent with the investment objective of Lake Hill. Special risks may apply to instruments that are invested in by Lake Hill in the future that cannot be determined at this time or until such instruments are developed or invested in by Lake Hill.

*Swap Transactions.* Lake Hill may engage in swap transactions. Currency swaps involve the exchange of cash flows on a notional amount of two or more currencies based on their relative future values. An equity swap is an agreement to exchange streams of payments computed by reference to a notional amount based on the performance of a basket of stocks or a single stock. Lake Hill will usually enter into swaps on a net basis; i.e., the two payment streams are netted out in a cash settlement on the payment date or dates specified in the agreement. Lake Hill receives or pays, as the case may be, only the net amount of the two payments. Lake Hill may employ swaps for speculative purposes, such as to obtain the price performance of a security without purchasing it in cases where the security is illiquid, unavailable for direct investment or available only on less attractive terms.

Unlike futures and options on futures contracts and commodities, and although Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) contemplates that certain swaps will be exchange-traded and cleared by a clearinghouse in the future, swap contracts are currently not generally traded on an exchange or cleared by an exchange or clearinghouse. As with any forward foreign currency or spot contract, until such time as these transactions are cleared or guaranteed by an exchange, Lake Hill will be subject to the risk of counterparty default on its swaps. Because swaps do not generally involve the delivery of underlying assets or principal, any loss would be limited to the net amount of payments required by contract. In some swap transactions the counterparty may require Lake Hill to deposit collateral to support Lake Hill’s obligation under the swap agreement. If the counterparty to such a swap defaults, Lake Hill would lose the net amount of payments that Lake Hill is contractually entitled to receive and could lose, in addition, any collateral deposits made with the counterparty.

If the swap counterparty is an unaffiliated entity, it may hold such collateral in U.S. or non-U.S. depositories. Non-U.S. depositories are not subject to U.S. regulation. Lake Hill’s assets held in these depositories are subject to the risk that events could occur which would hinder or prevent the availability of these funds for distribution to customers including Lake Hill. Such events may include actions by the government of the jurisdiction in which the depository is located including expropriation, taxation, moratoria and political or diplomatic events.

*Equity Financial Instruments.* Lake Hill may invest in equities and equity derivatives. The value

of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, Lake Hill may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Lake Hill's expectations or if equity markets generally move in a single direction and Lake Hill has not hedged against such a general move. Lake Hill also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible financial instruments or private placements, delivering marketable common stock upon conversions of convertible financial instruments and registering restricted financial instruments for public resale.

*Call Options.* Lake Hill may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying financial instrument) assumes the risk of a decline in the market price of the underlying financial instrument below the purchase price of the underlying financial instrument less the premium received, and gives up the opportunity for gain on the underlying financial instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying financial instrument above the exercise price of the option. The financial instruments necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing financial instruments to cover the exercise of an uncovered call option can cause the price of the financial instruments to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

*Put Options.* Lake Hill may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying financial instrument) assumes the risk of an increase in the market price of the underlying financial instrument above the sales price (in establishing the short position) of the underlying financial instrument plus the premium received, and gives up the opportunity for gain on the underlying financial instrument if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying financial instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

*Credit Default Swaps; Other Derivatives.* Lake Hill may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. In addition, credit default swaps can be used to implement Lake Hill's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, Lake Hill may "write" credit default protection in which it receives spread income. Lake Hill may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of Lake Hill, there is a high likelihood of credit deterioration. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, and

potential loss upon default, among other factors. As such, there are many factors upon which market participants may have divergent views.

Swaps and other derivatives instruments are subject to legal, tax and market uncertainties that present risks in entering into these derivatives. There is currently limited case law or litigation characterizing swaps and certain other derivatives, interpreting their provisions or characterizing their tax treatment. In addition, new and additional regulations and laws may apply to swaps and other derivatives that have not heretofore been applied. There can be no assurance that future court decisions construing provisions in, or provisions similar to those in, any swap agreement or other related documents or new and additional regulations and laws governing swaps and other derivatives will not have a material adverse effect on the investments.

Notwithstanding the forgoing, Lake Hill will not recommend any particular type of security. There are no material limitations to the types of securities in which Lake Hill may invest Clients' assets (subject to anything to the contrary in the relevant Offering Documents of a particular Client). For a complete discussion of securities in which Lake Hill may invest, please see additional discussion in Item 4. Advisory Business.

#### **Item 9. Disciplinary Information**

There are no known legal or disciplinary events that are material to Clients' evaluation of Lake Hill's advisory business or the integrity of Lake Hill.

#### **Item 10. Other Financial Industry Activities and Affiliations**

Lake Hill is registered as a commodity trading advisor and commodity pool operator with the National Futures Association. Neither Lake Hill nor any of its management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither Lake Hill nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant. Lake Hill does not recommend or select other investment advisers for its Clients or receive compensation directly or indirectly from such advisers.

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

Lake Hill has adopted a Code of Ethics (the "Code") that obligates Lake Hill and its related persons to put the interests of Lake Hill's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. Lake Hill recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients come first; and (iii) it has a fiduciary duty to its Clients to act solely for their benefit. All personnel of Lake Hill must also comply with all federal securities laws. Among other requirements, the Code requires personnel who have access to Client portfolio information or Lake Hill's non-public securities recommendations to pre-clear certain securities transactions and report certain personal securities holdings to Lake Hill, and Lake Hill is required to review such

reports. The Code sets forth the policies and procedures of Lake Hill regarding business ethics, confidentiality, and personal trading of securities. The purpose of the Code is to identify the ethical and legal framework in Lake Hill and its directors, officers, partners, principals, members, and employees (“Supervised Persons”) are required to operate under and to highlight some of the guiding principles and mechanisms for upholding the Lake Hill’s standard of business conduct. The Code is designed to seek to ensure that all Supervised Persons are aware of and adhere to the policies and procedures of Lake Hill. Clients or prospective Clients may obtain a copy of Lake Hill’s Code of Ethics by contacting Chief Compliance Officer, Robert “Kevin” Beauregard, at (212) 792-6677 or kevin@lakehillgroup.com.

Affiliates of Lake Hill may serve as a general partner and/or managing member of Clients or of entities in which Clients may invest. Neither Lake Hill nor a related person recommends to Clients, or buys or sells for Clients, securities in which Lake Hill or a related person has a material financial interest, other than potentially as investors alongside a Client.

Lake Hill and its related persons may in the future invest their personal funds in a Client, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Client. Further, a related entity of Lake Hill is the general partner of certain Clients. In addition, certain employees of Lake Hill may own securities in their personal accounts that are also recommended by Lake Hill to its Clients. Lake Hill has established procedures through its Code intended to limit conflicts of interest in cases where Lake Hill, a related person, or any employee, buys, sells or otherwise has an interest in securities recommended by Lake Hill to its Clients.

## **Item 12. Brokerage Practices**

Except for the general investment guidelines set forth in each Offering Document of a Client, and Lake Hill’s internal best execution policies described herein, Lake Hill will generally have the authority with respect to the selection of broker-dealers with which it will do business. Lake Hill may in the future be authorized to determine the broker-dealer to be used for securities transactions. Portfolio transactions will be allocated to brokers based upon best execution, which may include a consideration of such broker’s provision or payment of the costs of research and other services. The commissions the Client will pay to such broker will not necessarily represent the lowest commission rates available, but will reflect the Lake Hill’s evaluation of the research and other brokerage-related services supplied by such brokers and which benefit the Client, either alone or together with the other Clients of Lake Hill. It is not Lake Hill’s practice to negotiate “execution only” commission rates; thus, a Client may be deemed to be paying for research services provided by the broker which are included in the commission rate. Research and related services furnished by brokers will be limited to services that constitute research within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.

In the event that Lake Hill engages in “soft dollar” arrangements, with respect to any “soft dollar” arrangements established or entered into by Lake Hill with any brokerage firm Lake Hill may receive certain research or brokerage services from broker-dealers which can be considered an economic benefit. Lake Hill may obtain products or services that qualify as “research and brokerage services” within the meaning of Section 28(e) of the Securities Act of 1934, as amended.

Receiving the aforementioned research and other services may create an incentive for Lake Hill to select or recommend broker-dealers based on Lake Hill's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Lake Hill on behalf of the Clients.

Accordingly, research and related services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services, along with hardware, software, databases and other technical and telecommunication services, lines, and equipment (including updates, replacement parts, repairs and service thereon) utilized in the investment management process. Research services obtained by the use of commissions arising from a Client account's portfolio transactions may be used by Lake Hill in its other investment activities.

In selecting brokers and negotiating commission rates, Lake Hill will take into account available information regarding the financial stability and reputation of brokerage firms and the brokerage, research and related execution services provided by such brokers (consistent with best execution), although the Client for which the transaction was effected, may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided. With respect to Separate Accounts, where brokers may be identified and selected by the Client rather than Lake Hill, the Client may be responsible for negotiating the terms and arrangements for the Client's account with the broker.

Lake Hill has not directed Client transactions to a particular broker-dealer in return for Client referrals in its last fiscal year. Lake Hill does not routinely recommend, request, permit or require its Clients to direct the execution of securities transactions through a specified broker-dealer.

Pursuant to Lake Hill's Allocation of Investment Opportunities Policy, Lake Hill may aggregate orders of its accounts for trade execution and thereafter allocate the securities on an average price basis to such accounts. Transactional expenses are not reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single Client. It is Adviser's belief that the above-described procedure for aggregating and allocating customer orders is consistent with the SEC's procedures recommending aggregation. Lake Hill can use aggregation in its duty to seek best execution for all its Clients.

Lake Hill may deem it to be in the best interests of its Clients to reallocate or "cross" securities transactions between Client accounts. Lake Hill maintains policies and procedures intended to limit the potential conflicts of interest inherent in these transactions. Cross transactions will only be effected if they are deemed to be in the best interests of the particular Clients involved and will be conducted in compliance with such policies and procedures and applicable law.

### **Item 13. Review of Accounts**

Lake Hill's portfolio managers monitor Client portfolios on a daily basis and more often as specific market conditions and circumstances may dictate. Fund investors receive either monthly or quarterly unaudited performance reports from the Fund's administrator and an annual financial statement prepared in accordance with generally accepted accounting principles. Reports showing performance are sent to Separate Account investors monthly by a qualified independent custodian.

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

Lake Hill does not currently directly or indirectly compensate a third-party to refer Clients or investors. However, Lake Hill does have an ongoing payment to a placement agent in connection with a previous Client referral.

Lake Hill may receive certain research or brokerage services from broker-dealers which can be considered an economic benefit. Receiving the aforementioned research and other services may create an incentive for Lake Hill to select or recommend broker-dealers based on Lake Hill's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Lake Hill on behalf of the Clients.

### **Item 15. Custody**

Lake Hill maintains custody over the assets of the Fund, but not over the Separate Accounts. Client funds and securities are held at a qualified custodian in accordance with Rule 206(4)-2 of the Advisers Act. Rule 206(4)-2 promulgated under the Investment Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Investment Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

Lake Hill is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, broker-dealers, FCMs and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. However, Lake Hill need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted

accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. Lake Hill intends to rely upon this exception and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

As stated above in Item 13, Review of Accounts, reports and statements detailing holdings and activity will be provided by the qualified custodian (for the Separate Accounts) or the Fund administrator (in the case of the Fund). These reports or statements, will typically identify the account holdings and a current valuation of such holdings which will be provided periodically.

Each Client is urged to carefully review all statements and reports they receive and whenever possible to compare the same or similar information on different reports. Lake Hill urges each Client to compare any reports received from Lake Hill with reports received from its third-party administrator or custodian.

#### **Item 16. Investment Discretion**

Lake Hill has discretionary authority over the Client assets it manages. The authority is established through each Clients' Offering Documents, which sets forth the scope of Lake Hill's discretion prior to assuming full discretion in managing the Clients' assets. Please see Item 4 for additional information related to Lake Hill's investment guidelines.

#### **Item 17. Voting Client Securities**

As previously stated, Lake Hill only trades index products. As such, Lake Hill has no proxy voting rights or obligations to its Clients. However, if that were to change, Lake Hill has adopted Proxy Voting Policies and Procedures (the "Procedures") that are designed to ensure that in cases where Lake Hill votes proxies with respect to securities of a Client, such proxies are voted in the best interests of the Client. The Procedures also require that Lake Hill identify and address conflicts of interest between Lake Hill and the Client. If a material conflict of interest exists, Lake Hill will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the Client or take some other appropriate action. Lake Hill need not vote all proxies received by a Client. In many instances, the disparate interests of the Client may make it difficult for Lake Hill to determine a manner in which to vote. It is Lake Hill's general policy not to vote proxies for securities that are not held in a Client at the time such proxy is received or on the vote date of such proxy. However, if Lake Hill does vote, Lake Hill shall cast ballots in a manner it believes to be consistent with the interests of the Client and shall not subordinate the interests of the Client to its own. Lake Hill will determine whether a proposal is in the best interests of the Client and will generally take into account the following factors, among others: (i) whether the proposal was recommended by management and Lake Hill's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance. Clients or prospective Clients can obtain a copy of Lake Hill's Proxy Voting Policy and other proxy voting records by contacting Chief Compliance Officer, Robert "Kevin" Beauregard, at (212) 792-6677 or [kevin@lakehillgroup.com](mailto:kevin@lakehillgroup.com).



**Item 18. Financial Information**

Lake Hill does not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance. Lake Hill has no financial condition this is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its clients. Lake Hill has never been the subject of a bankruptcy petition.