

Higher Park Limited

CRD Number: 333478

October 2024

This Brochure provides information about the qualifications and business practices of Higher Park Limited.

If you have any questions about the contents of this Brochure, please contact us at +44 (0) 203 763 3815 or email at matt.downton@higherpark.co. You may also visit our website at <https://higherpark.co>.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Higher Park Limited also is available on the SEC's website at www.adviserinfo.sec.gov and on the Financial Conduct Authority's website at <http://www.fca.org.uk/>.

Registration of an Investment Adviser does not imply that Higher Park Limited or any of its principals or employees possesses a particular level of skill or training in investment advisory business or any other business.

Higher Park Limited
2 Park Street, London
W1K 2XA,
United Kingdom

Item 2: Material changes

Registered investment advisers are required to identify and discuss any material changes made to their Brochure since the last annual update.

Please note that this Brochure forms part of Higher Park Limited's initial Form ADV Registration and, as such, the firm has yet to be subject to an annual updating amendment.

Going forward, this Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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Item 4: Advisory Business

Higher Park Limited ("Higher Park" or the "Firm") is an independent investment manager which has been in business since May 2019. The Firm was co-founded by William Potts, Director and Chief Investment Officer, who is also the Firm's majority owner. Higher Park is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom.

The Firm is in the process of launching a Cayman Island domiciled master-feeder private fund (referred to hereafter as "the Fund"), for which it will act as the investment manager. In addition, the Firm expects to take on discretionary individual client mandates ("Individual Mandates").

Higher Park will implement an investment strategy for both Funds and Individual Mandates (collectively referred to hereafter, where necessary, as "Clients") which focuses on investments in public markets. The Firm will manage the investment activities of the Fund in accordance with the investment strategies, guidelines and restrictions described in detail in the Fund's offering documents. Individual Mandates will likely follow the investment strategy of the Fund but may be customized, as agreed in advance with the client, to seek to meet each client's risk and return objectives.

As at 30 September 2024, the Firm had yet to take on any regulatory assets under management. This brochure is being submitted as the Firm is relying on rule 203A-2(c) and expects to be eligible for SEC registration within 120 days. Therefore, details of the Firm's regulatory assets under management will be updated in the subsequent Brochure provided with Higher Park's 'other-than-annual' ADV amendment.

Item 5: Fees and Compensation

Fees paid to Higher Park for investment management services ("management fees") are generally dependent on the nature of the services being provided. Typically, Higher Park charges Clients an annual management fee based on the value of assets under the Firm's management, which is payable monthly or quarterly.

In addition to management fees, Clients bear other costs that are necessary or incidental to the investment management services ("incidental expenses"). The particular incidental expenses may vary from client to client, although all Clients will be subject to certain types of incidental expenses, including costs associated with buying, selling, or holding investments, such as custody fees and charges and expenses associated with transactions such as taxes, duties and commissions, commission equivalents and other brokerage expenses.

The Firm's fees and any incidental expenses will reduce the assets held in, and the return experienced by, Clients.

The Fund

Higher Park charges the Fund a management fee and may also receive performance-based compensation from the Fund. Full details of fees and expenses, as well as the process for subscribing to or redeeming shares in the Fund, are described in detail in the Fund's offering documents.

Individual Mandates

Higher Park may negotiate management fees for Individual Mandates which differ from the management fees of the Fund, with this agreed on a case-by-case basis. Reasons for differing management fee terms may include the value of the assets invested with the Firm, the duration for which the assets are entrusted to Higher Park, the terms of performance-based fees agreed to by the investor, and reasons deemed to be strategic in the sole discretion of Higher Park.

Individual Mandates are also subject to performance-based fees, the terms of which are negotiated with clients on a case-by-case basis.

The specific manner in which fees are charged is established in a client's written agreement with Higher Park.

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

The Firm is entitled to receive performance-based fees from each of its Clients.

The structure of any performance fee is subject to negotiation and agreement with Clients and documented in the investment management agreement and/or fund documentation.

Performance-based fee arrangements could create conflicts of interest for Higher Park to invest in riskier investments. It is possible that performance-based fees could also create conflicts of interest for the Firm to favour the performance of a client with a higher performance-based fee by allocating investment opportunities to them instead of to other Clients with lower performance-based fees. The Firm's compensation might therefore be larger than it would otherwise be.

Higher Park has strict policies in place to ensure that all Clients are treated fairly and equitably, subject to the individual fee terms agreed with the individual client.

Item 7: Types of Clients

Higher Park provides investment management services to private funds and Individual Mandates which are both U.S. and non-U.S. domiciled. Investors in the Fund, as well those who agree Individual Mandates with the Firm, generally include qualifying high net worth individuals, family offices, trusts, investment companies and institutional clients. The Firm does not offer investment management services to retail investors.

Typically, Higher Park seeks to take on investors that are able to make a minimum investment of US\$5mn with the Firm. However, the Firm reserves the right to waive this minimum in certain circumstances. The minimum investment level for the Fund is described in its offering document.

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

Methods of Analysis

The Firm uses a variety of factors to determine the universe of instruments in which to invest. These include where the company is listed, its size, the liquidity of its stock, and revenue. All such instruments are publicly listed equities trading in markets agreed with the client. The Firm then combines primary fundamental research with research provided by financial institutions using a proprietary model to rank and weight the stocks within a market neutral, regionally (APAC, Europe, NAM) neutral portfolio. Individual company stock weights, as well as aggregates across countries, regions, sectors and liquidity bands are tightly controlled in accordance with limits agreed with the client. The portfolio is monitored at all times, with a range of risk measures in The Firm's toolkit to respond to unexpected events that impact both individual company share prices, as well as the wider macro environment.

Investment Strategies

Higher Park implements a global equity long/short strategy maintaining market neutrality. Investments are made in issuers listed in developed markets. The strategy is balanced across regions using an investment universe based upon minimum liquidity, market cap and revenue constraints.

The Firm makes investments in both long and short positions across a wide range of asset classes including, without limitation, listed and unlisted equities and equity-like securities (including both single stocks and sector baskets), bonds and indices.

The Firm also makes investments in the securities mentioned above via the use of derivative instruments, such as options, futures and contracts for differences.

Risk of Loss Factors

Clients should understand that all investments are subject to risks and that the return and the principal value of investments fluctuate depending on general market conditions and other factors, so that from time to time the value of an investment may be worth more or less than its original cost. Clients should be prepared to bear the risk of loss if they desire to sell their investment at a time when its value is worth less than the original cost. Further, depending on the types of investments, there may be varying degrees of risk. Clients should be prepared to bear investment loss including the loss of their original principal investment.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable.

Principal risks associated with any investment, as well as specific risks associated with the Firm's investment strategy are described below. Further detail in relation to the risks associated with investing in the Fund is set out in its offering documents.

The list below does not purport to be an exhaustive list of the risks that may be associated with any particular investment.

Derivatives

Because the value of a Derivative depends largely upon price movements in the underlying asset or assets, many of the risks applicable to trading the underlying assets are also applicable to Derivatives of such asset. However, price movements in the underlying assets typically give rise to higher, and perhaps much higher, price movements in related Derivatives, thereby exposing the investing Client to risks of substantial loss.

Counterparty Risk

The Fund and Individual Mandates will be subject to the risk of the inability of any trading counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption or other causes and whether resulting from systemic or other reasons. Systemic risk may arise through a default by one of several large institutions that are dependent upon one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by the others. This may adversely affect financial intermediaries such as clearing agencies, clearing houses, brokers and listed companies in certain countries.

Restrictions in Dealings in Investments

In providing investment services for Clients, the Firm may recommend and/or advise on and/or give effect to activist and/or other strategies in relation to securities and/or issuers involving the acquisition on behalf of the Clients, or in concert with other parties, of positions in companies and/or other issuers. In connection with such positions, in order to comply with laws and regulations relating to insider dealing, market abuse, concert parties, takeovers and market standards generally and also as a means of dealing with conflicts of interest, the Firm may from time to time be prevented, or elect to restrict itself from dealing in and/or advising on certain strategies, securities or instruments, on behalf of Clients, either in particular circumstances or generally. As a result of this, the Firm may be unable to realise a position in a particular security or instrument and/or advise as to, make or act on certain investment decisions which they would otherwise have made or implemented on behalf of Clients. This may result in the Firm being unable to, on behalf of Clients, realise a position in order to meet withdrawal/redemption requests or margining or other financing obligations or take advantage of certain opportunities in the market to the detriment of Clients.

Dependence on Key Individuals

The success of the Client mandates depends upon the ability of key members of the Firm's investment team to develop and implement investment strategies that achieve the Client's investment objective. While the Firm manages key member exposure, if the Firm were to lose the services of these members, the consequence to Clients could have material adverse effects and could lead to the premature termination of the mandate.

Currency Exposure

If a Client's assets are invested in securities that are denominated in a currency other than the base currency, changes in the applicable exchange rate may result over time from the interaction of many factors directly or indirectly affected by economic and political conditions. Changes in currency values may affect both the U.S. dollar value of the instruments in which a Client mandate invests and the prospects of the issuers of those instruments. National governments may not allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention in the currency markets by a country's central bank, or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. Currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely affect the performance of a Fund and the return

realized on an investment. The costs of currency hedging may not offset any advantages gained by engaging in hedging transactions. We do not intend to engage in currency speculation on behalf of Clients.

Operational Risk

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing, and settlement and accounting systems. The Firm maintains controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities. However, the Firm's systems may not always be effectively designed or administered to control those risks, and losses may result from such failures.

Liquidity and Market Characteristics

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the ability of Client mandates to respond to market movements may be impaired and they may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

Cyber Crime and Security Breaches

With the increasing use of the internet and technology in connection with the operations of the Service Providers, Clients are susceptible to greater operational and information security risks through breaches in cyber security. Cyber security breaches include, without limitation, infection by computer viruses and gaining unauthorised access to the Service Providers' systems through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cyber security breaches may also occur in a manner that does not require gaining unauthorised access, such as denial-of-service attacks or situations where authorised individuals intentionally or unintentionally release confidential information stored on the Service Providers' systems. A cyber security breach may cause disruptions and impact the Firm's business operations, which could potentially result in financial losses to Clients, inability to determine the net asset value of the Fund or Individual Mandates, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. Clients could be negatively impacted as a result. Further, indirect cyber security breaches at an issuer of securities in which the Firm may invest on behalf of Clients invests may similarly negatively impact Clients. While the Service Providers have established risk management systems designed to reduce the risks associated with cyber security breaches, there can be no assurances that such measures will be successful.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Higher Park is authorised and regulated by the FCA in the UK as an Investment Manager. Its Firm Reference Number is 825162. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with retail clients nor client money.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff. This list is updated when necessary and completeness is confirmed on an annual basis.

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

The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Firm's Code of Ethics was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and principals' trading activity. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval may be required before a trade can be executed where a conflict exists.
- Initial and annual self-certification and holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals.

No securities are bought or sold for Clients in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the accounts managed are actively trading in such securities.

Item 12: Brokerage Practices

General arrangements

The Firm intends to make joint-payments to brokers for research and execution services. The research element of the joint payment will be funded by way of a specific research charge to Clients. Higher Park has systems and controls in place to mitigate any potential conflicts arising from this arrangement. These include (but are not limited to) having in place a written policy describing its approach to joint payments; a methodology for calculating and separately identifying the cost of research; and a structure for the allocation of payments between research providers.

The Firm's investment approach is to use qualitative techniques when deciding upon securities to be traded for the accounts it manages.

Brokers are used by the Firm at its own discretion. The Firm maintains a list of brokers with whom it may deal with. This list is reviewed regularly and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

Where the Firm intends to make the same investment for more than one client, trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing ensuring that pricing across clients is as equitable as possible.

Item 13: Review of Accounts

Each Fund and Individual Mandate that Higher Park manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

The Funds/Individual Mandate(s) are reviewed on a daily basis by the Investment Committee, with the Fund also reviewed on a monthly basis by the Firm's Risk Committee.

In addition, all Client accounts are reviewed on an informal daily basis. Further reviews may also be triggered by a notification of a change in a client's circumstances.

Statements are sent to Clients on a monthly basis by the Fund Administrator. These reports contain a detailed analysis of the holdings as at the reporting date and transactions during the period. In addition, the Firm sends a newsletter on a monthly basis which analyses the portfolios risk and return characteristics along with commentary on the market and the portfolio itself.

Item 14: Client Referrals and Other Compensation

Higher Park is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment management or other advisory services to its clients whether directly or indirectly.

Item 15: Custody

The assets of the Firm's clients are held in custody by a qualified independent third-party custodian. The Firm does not act as custodian for any assets that it manages.

Qualified custodians will typically provide clients with account statements relating to the assets held within the accounts managed by the Firm. Higher Park urges clients to carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in their account and all account activity over the relevant period.

As a result of Higher Park's affiliated persons acting in the capacity of Director of the Fund, in certain jurisdictions Higher Park may be deemed to have custody of the Funds and securities owned by that private fund. However, in accordance with the offering documents, the funds (cash) and securities of the Fund are held by an independent qualified custodian in the name of the Fund. The Fund is audited annually, by an independent accounting firm registered with the Public Company Accounting Oversight Board, and investors receive annual financial statements via the Fund's independent public accounting firm.

Item 16: Investment Discretion

Higher Park has discretionary authority to manage assets on behalf of all Clients.

Clients may request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. Higher Park is able to customise its approach to each individual client.

Prior to accepting an appointment to act as a discretionary manager for a client, Higher Park conducts a full "know your customer" assessment. This is performed so that the Firm understands each client's investment objectives and is then able to manage the portfolio in a suitable manner.

Item 17: Voting Client Securities

Based on its investment strategy and, in particular, the Firm's use of derivatives to indirectly hold equity positions, Higher Park does not have authority to vote client securities.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

This does not apply.