

**FORM ADV PART 2A**

**Heights LLC**

Firm Brochure - Form ADV Part 2A  
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*This brochure provides information about the qualifications and business practices of Heights LLC. If you have any questions about the contents of this brochure, please contact us at (310) 640-7647 or by email at: Alex@heightscorp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Heights LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Heights LLC's CRD number is: 315969. Registration as an investment adviser does not imply a certain level of skill or training.*

**Item 2: Material Changes**

This Item 2 discusses only material changes that have been made since the Adviser's most recent annual updating amendment.

- We have had no material changes to report on since the last filing of our Firm Brochure.

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## Item 4: Advisory Business

### a) *Background*

Heights LLC (hereinafter “HEI” or “the Adviser”) is a Limited Liability Company organized in the State of Delaware. The firm was formed in May 2021, and the principal owner is Heights Corp. Alexandre David Cohen is the majority owner of Heights Corp. HEI provides discretionary and non-discretionary investment management services to managed accounts and to private funds’ portfolios which are exempt from registration as investment companies under the Investment Company Act of 1940, as amended, the interests of which are exempt from registration under the Securities Act of 1933, as amended, pursuant to certain private placement exemptions for qualified and institutional investors on a fully discretionary basis.

### b) *Advisory Services*

#### **Separately Managed Accounts**

HEI offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. HEI creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

HEI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

HEI seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of HEI’s economic, investment or other financial interests. To meet its fiduciary obligations, HEI attempts to avoid, among other things, investment, or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, HEI’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is HEI’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings (“IPOs”) and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

#### **Funds**

##### **Heights Fund I LP**

The primary purpose of the Partnership is to make investments primarily focused on growth companies, with selective early-stage investments, in companies with a heavy “brand” component, high user/customer engagement, and differentiated product/service offerings (“*Investment Focus*”).

#### **SPVs**

##### **Mindful Heights LLC**

The purpose of the Company is to provide a limited number of select investors with the opportunity to realize long-term appreciation, through venture capital investments in equity and equity-related securities of OrangeDot, Inc. (the “*Portfolio Company*”). The general purpose of the Company is to exercise all rights, powers, privileges, and other incidents of ownership or possession with respect to Securities held or owned by the Company; to enter into, make, and perform all contracts and other undertakings; and to engage in all activities and transactions as may be necessary, advisable, or desirable to carry out the foregoing.

## Dill Project LLC

The purpose of the Company is to hold one or more prospective investments in Major League Pickleball Inc. or any of its affiliated entities and to engage in such other businesses or activities as the Manager deems necessary, advisable, convenient, or incidental thereto.

### ***Services Limited to Specific Types of Investments***

HEI limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. HEI may use other securities as well to help diversify a portfolio when applicable.

#### ***c) Tailored Advice and Client-Imposed Restrictions***

HEI will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by HEI on behalf of the client. HEI may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent HEI from properly servicing the client account, or if the restrictions would require HEI to deviate from its standard suite of services, HEI reserves the right to end the relationship.

#### ***d) Sub-Advisory Relationship***

HEI may also provide Investment Management Services as a sub-adviser; in other words, a client may engage an independent investment adviser (the "Sponsor") which, in turn, will engage HEI to provide portfolio management services to all or part of its clients' portfolios. In this situation, HEI will receive a portion of the fee charged by the independent adviser to the client.

HEI may provide advisory services on investing in private investment partnerships, including partnerships for which HEI's related persons serve as general partner, managing member or manager. Because some types of investments involve certain additional degrees of risk, they will only be implemented / recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability. Certain clients have an interest in IPO's. While this is not part of the Adviser's strategy, HEI will provide advisory services to clients who choose to participate.

Clients must consider whether a separate account relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Client's or investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective clients and investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant relating to the proposed investment program for the Separate Account and the additional details about HEI's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making a decision to hire the Adviser.

#### ***e) Wrap Fee Disclosure***

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. HEI does not participate in any wrap fee programs.

#### ***f) Assets Under Management***

As of December 31, 2023, HEI had \$ \$192,732,567 in assets under management.

## Item 5: Fees and Compensation

### a) *Compensation*

Lower fees for comparable services may be available from other sources.

### b) *Fees- Managed Accounts*

HEI uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for the purpose of determining the market value of the assets upon which the advisory fee is based.

These fees are negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of HEI's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with 30 days' written notice.

**Performance-Based Fees for Portfolio Management:** Qualified clients will pay an annual fee of 2.00% of assets under management along with a 20.00% performance fee based on capital appreciation. If the client's portfolio rises in value, the client will pay 20.00% on that increase in value, but if the portfolio drops in value, the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is known as a "high water mark." The high-water mark will be the highest value of the client's account on the last day of any previous quarter for which a performance fee was charged, after accounting for the client's deposits or withdrawals for each billing period. These fees are negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. This service may be canceled with 30 days' notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the Investment Advisory Contract up to and including the day of termination. Performance fees will only be charged to California clients in accordance with the provisions of California Code of Regulations Section 260.234.

**Payment of Portfolio Management Fees:** Asset-based portfolio management fees are withdrawn directly from the client's accounts with the client's written authorization or may be invoiced and billed directly to the client. Clients may select the method in which they are billed. Fees are paid in arrears.

**Payment of Performance-Based Portfolio Management Fees:** Performance-based fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client. Clients may select the method in which they are billed. Fees are paid in arrears.

**Other Expenses - Client Responsibility for Third-Party Fees:** Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by HEI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

**Prepayment of Fees:** HEI collects its fees in arrears. It does not collect fees in advance.

### c) *Fees - Heights Fund I LP*

**Management Fee:** Commencing as of the Initial Closing Date, the General Partner (or its designee) shall be compensated on a quarterly basis for services rendered during the term of the Partnership by the payment of a management fee in advance by the Partnership in cash to the General Partner (or its designee) on the first day of each fiscal quarter (or portion thereof) (each a "**Management Fee Payment Date**"). The first payment shall be due upon the date on which the Limited Partners' initial capital contributions are due and shall be for the amount accrued since the Initial Closing Date plus the amount due from the period from such initial drawdown date to the beginning of the subsequent Management Fee Payment Date of the Partnership.

The management fee for each fiscal quarter during the Investment Period shall be an amount equal to the aggregate Capital Commitments of all Limited Partners as of the first day of each such quarter multiplied by 0.50% (or 2.0% per annum) (the "**Management Fee Percentage**") or such other percentage as determined by the General Partner. Beginning with the first full fiscal quarter commencing after the expiration of the Investment Period, the quarterly management fee shall equal 0.5% (2.0% per annum) multiplied by the cost bases of all portfolio company investments of the Partnership that have not been previously

distributed to the Partners or written off (measured as of the first day of each such quarter), multiplied by the percentage of aggregate Capital Commitments of the Limited Partners relative to the Partnership's Committed Capital.

**Performance Fees:** The General Partner is allocated Carried Interest of 20% or some other percentage as determined by the General Partner.

**Other Expenses:** The Fund pays all its ordinary organizational, offering, administrative, and operating expenses, including, but not limited to, ordinary and recurring legal, accounting, escrow, auditing, administration, and certain clerical expenses including those incurred in preparing, printing, and mailing reports and tax information to investors and regulatory authorities, expenses for specialized administrative services, filing fees, and taxes. Additional fees (e.g., wire transfer charges) may be imposed by service providers. At its discretion, the Adviser may elect to pay broken deal expenses on behalf of the Funds.

**d) Fees – Mindful Heights LLC (SPV)**

The Management Fee expense for a Member shall be an amount equal to the product of (i) the Capital Commitment of such Member to the Company multiplied by (ii) such Member's Management Fee Percentage. A Member's Management Fee Percentage shall be two percent (2.0%) per annum, or some other percentage as determined by the Manager.

**Performance Fees:** The Manager is allocated Carried Interest of 20% or such other percentage as determined by the Manager.

**Other Expenses:** The Manager (or an affiliate thereof) shall bear all normal operating expenses incurred in connection with the management of the Company, the Manager, and the Management Company. Such normal operating expenses to be borne by the Manager (or its designee) shall include, without limitation, expenditures on account of salaries, wages, entertainment, and other expenses of employees, consultants and agents of the Company, the Manager or the Management Company, overhead and rentals payable for space used by the Manager (or its designee) or the Company, office expenses, expenses for clerical and consulting services, bookkeeping services and equipment and expenses incurred in investigating and evaluating investment opportunities and in managing investments of the Company.

**e) Fees – Dill Project LLC (SPV)**

**Performance Fees:** The Manager is allocated Carried Interest of 20% or such other percentage as determined by the Manager.

**Other Expenses:** Required annual expenses of the Company, including, but not limited to, accounting, legal or other professional fees. As the Tax Matters Representative, Heights LLC is entitled to reimbursement for all reasonable out-of-pocket costs and expenses (including attorneys' and other professional fees) incurred by it in its capacity as Tax Matters Representative.

**f) Advance Billing:**

The management fee is payable quarterly in advance. Fees are not refundable for either funds or managed accounts.

**g) Outside Compensation for the Sale of Securities to Clients**

Alexandre David Cohen in his outside business activities (see Item 10 below) is licensed to accept compensation for the sale of investment products to HEI clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receive compensation, HEI will document the conflict of interest in the client file and inform the client of the conflict of interest. Clients always have the right to decide whether to purchase HEI-recommended products and, if purchasing, have the right to purchase those products through other brokers or agents that are not affiliated with HEI.



Commissions are not HEI's primary source of compensation for advisory services. Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

**Item 6: Performance-Based Fees and Side-by-Side Management**

HEI manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) and may manage accounts that are not billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because HEI and/or its supervised persons have an incentive to favor accounts for which HEI receives a performance-based fee. HEI addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. HEI seeks the best execution and upholds its fiduciary duty for all clients.

Performance fees will only be charged in accordance with the provisions of the California Code of Regulations Section 260.234.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## **Item 7: Types of Clients**

HEI provides discretionary and non-discretionary investment management services primarily to:

- Private funds, and High-Net-Worth Individuals

There is no account minimum for to establish a separately managed account with HEI.

Fund investors are qualified investors, such as wealthy families and individuals, and funds of funds, for investment in the HEI Fund. The minimum Capital Commitment for Heights Fund I LP US\$1,000,000, unless the General Partner waives or reduces this minimum amount in its sole discretion.

### ***a) Capital Contributions; Capital Commitments***

The Fund will seek capital contributions or capital commitments from eligible investors with respect to each offering of limited partner interests in the Fund.

## Item 8: Methods of Analysis; Investment Strategies; Risk of Loss

### a) *Methods of Analysis & Investment Strategies*

HEI utilizes proprietary fundamental research to identify investment opportunities meeting its investment criteria. We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Charting. In this type of technical analysis, we review charts of market and security activity to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.
- Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a suitable time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- Technical Analysis. We analyze past market movements and apply that analysis to the present to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly managed or financially unsound company may underperform regardless of market movement.
- Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market to predict the price movement of the security.
- 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.
- IPO's – While IPOs are not part of our strategy, HEI may facilitate investments in IPOs for certain clients upon their request.

### b) *Investment Strategies:*

HEI uses the following strategy(ies) in managing client accounts, provided that such strategy(is) is appropriate to the needs of the client and consistent with the 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.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Below is a list of tools one may utilize.

- Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a brief time (typically a year or less). We do this to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

- Trading: We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this 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 a long-term investment in a security that was designed to be a short-term purchase, or
  - the potential of having to take 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.

- 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. A risk in margin trading is that, 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.
- Option writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period. We will buy a call if we have determined that the stock will increase before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time, and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we must buy the option back from the option buyer, for a loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

Risk of Loss: Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

### **c) *Risks of Investment Strategies***

Investing in general involves a risk of loss that clients should be prepared to bear. Our principal investment strategies present the following material risks:

HEI's use of short sales, margin transactions and options trading hold a greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costed that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that are one of the typical benefits of ETFs.

Additionally, regular trading to beneficially "time the market" is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering a circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other

operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a "naked" or uncovered put is limited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**Item 9: Disciplinary Information**

HEI associated persons have not been involved in any legal or disciplinary events that are material to a client's or potential Client's evaluation of our advisory business or the integrity of the Adviser's management.

**a) *Criminal or Civil Actions***

There are no criminal or civil actions to report.

**b) *Administrative Proceedings***

There are no administrative proceedings to report.

**c) *Self-regulatory Organization (SRO) Proceedings***

There are no self-regulatory organization proceedings to report.



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

##### ***a) Registered Broker-Dealer or Registered Representative***

Alexandre David Cohen may register as a registered representative with a Broker Dealer.

##### ***b) Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither HEI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

##### ***c) Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests Business***

Alexandre David Cohen is a registered representative who may at times register with an unaffiliated Broker Dealer. From time to time, he will offer clients advice or products from those activities.

Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. HEI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any HEI representative in such individuals outside capacities.

Alexandre David Cohen is the General Partner of Nest Builders, LP. Nest Builders, LP, is an entity that Mr. Cohen and his wife, Amanda Cohen, established for personal investing on a voluntary basis. Interest in Nest Builders, LP has never been offered and will never be offered to any clients. No conflicts of interest exist.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be expected to impair the rendering of unbiased and objective advice.

##### ***d) Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

HEI utilizes ICG ADVISORS, LLC (CRD # 148066 / SEC #: 801-69638) in a sub-advisory capacity regarding the Adviser's managed accounts.

## **Item 11: Code of Ethics; Client Transactions; Personal Trading**

### **a) Code of Ethics**

HEI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. HEI's Code of Ethics is available free upon request to any client or prospective client.

### **b) Participation or Interests in Client Transactions; Investment in Securities Recommended to Clients**

Employees of HEI and its affiliates may invest in securities that are also recommended to Clients. They also may give advice and take action with respect to Client accounts they manage, or for their own accounts, which may differ from action taken, or the time or nature of the action taken, by the Adviser or its affiliates on behalf of other Client accounts. It may not always be possible for the same investment positions to be taken or liquidated at the same time or at the same price across all Clients. HEI and it has adopted policies and procedures to detect and manage the actual or potential conflicts of interest that result. See "Item 12 – Brokerage Practices; Aggregation and Allocation of Trades." HEI is not obligated to recommend, buy, or sell, or to refrain from recommending, buying, or selling any security that HEI or its affiliates or their respective employees may buy or sell for their own accounts or for the accounts of any other Client.

Additionally, in certain circumstances, the Adviser may come into possession of material, non-public information about an issuer. In these instances, HEI typically adds the issuer to its Restricted List and would be prohibited from communicating such information to Clients or purchasing or selling securities of such issuer for a client while the issuer remains on the Adviser's Restricted List. In these circumstances, we have no responsibility or liability to the Client for not disclosing the information to the Client (or the fact that we possess such information), or not using such information for the Client's benefit, because of following our policies and procedures or applicable law.

HEI may take positions in securities for the accounts of certain Clients that it concludes are inappropriate for other of its clients. For instance, HEI may take short positions in the equity securities of certain issuers for the account of a client while other Client accounts hold or acquire the securities and/or leveraged loans of such issuers. Moreover, HEI is not precluded from investing in securities of a company held in some of its client accounts in which other of its clients have senior or subordinate rights relative to the other, or vice versa. As a result of the foregoing, HEI may have conflicts of interest in allocating investments among Client accounts. We seek to manage these conflicts by allocating transactions among accounts in a manner that we determine is fair and equitable under the circumstances and in accordance with our policies and procedures regarding trade allocations. See "Item 6 – Performance-Based Fees and Side-by-Side Management" and "Item 12 – Brokerage Practices; Aggregation and Allocation of Trades" for further information.

Although most trades made for Clients are executed through the open market, when HEI believes it is in the best interest of all Clients involved, it may engage in "cross trading" – a transaction where one or more Clients purchases securities from one or more other Clients. In such circumstances, the Adviser may select an unaffiliated third-party broker-dealer to facilitate the cross trade, but HEI will receive no transaction-based compensation from the transaction. Where a Fund registered under the Investment Company Act of 1940 is involved, the transaction will be executed in accordance with the provisions of Rule 17a-7 under that Act. In other cases, the transaction will be executed in a manner, and at a price, that HEI believes to be fair for all involved Clients. The Firm has adopted procedures to seek the fair treatment of Clients in cross trades, including procedures that prohibit Funds in which HEI or its employees hold more than a 25% interest from participating in cross trades.

HEI, its employees, and employees of its affiliates may own shares or units of Funds for which HEI or its affiliates function as investment manager or in some other capacity. Therefore, a potential conflict of interest exists when allocating trades, correcting errors, engaging in cross transactions, or otherwise making investment decisions on behalf of these Funds. These potential conflicts are greater when purchasing securities that are limited in supply or selling securities that have limited liquidity. However, these Funds are considered Clients and are treated in the same fashion as all other Clients of the Adviser and are subject to all HEI's policies and procedures, including those described in this Item 11 and in Item 12.

## **Item 12: Brokerage Practices**

### **a) Selection of Broker-Dealers**

In placing orders for purchase and sale of securities and selecting broker-dealers to effect transactions, HEI seeks prompt execution of orders at the most favorable prices reasonably obtainable and in doing so will consider a number of factors, including, without limitation, the overall direct net economic result to the client, the financial strength, reputation and stability of the broker-dealer, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the settlement capabilities of the broker-dealer and the willingness of the broker-dealer to stand ready to execute possibly difficult transactions in the future. After giving account to all these considerations, the Adviser may cause an account to pay commissions or spreads which may not be the lowest available, but which ordinarily will not be higher than the prevailing competitive range.

### **c) Soft-Dollars Arrangement**

Under its discretionary authority and consistent with its duty to seek best execution, HEI may direct brokerage transactions for client accounts to broker-dealers that provide HEI with research and brokerage products and services. The brokerage commissions used to acquire research and brokerage products and services are known as “soft dollars.” Securities Exchange Act section 28(e) provides a “safe harbor” that permits an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid is reasonable in relation to the brokerage and research products and services provided. As a matter of policy, HEI does not pay higher commission or mark-up prices or direct trades to a particular broker-dealer to receive research or other services. Broker dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealers, including tangible research products as well as access to analysts and traders) or third-party (created by a third party, but provided by a broker-dealers). HEI may use soft dollars to acquire either type of research.

Currently, HEI obtains both proprietary and third-party research services which it pays for using soft dollars in accordance with Section 28(e) of the Securities Exchange Act.

### **d) Brokerage for Client Referrals**

Brokers or dealers that HEI selects to execute transactions may from time to time refer clients to HEI. HEI will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and HEI's interest in receiving future referrals.

HEI does not consider, in selecting or recommending a broker dealer, whether the Adviser or a related person receives client referrals from that broker-dealer.

### **e) Directed Brokerage**

Typically, the Adviser does not accept clients who require us to execute transactions through a specific broker-dealer. Clients may however provide an approved list of broker-dealers for their account. The Firm will use such broker-dealers subject to our determination that these broker-dealers provide best execution of Client transactions. However, to the extent that the Adviser places an aggregated order through a broker-dealer that is not on a Client's approved list but which the Adviser believes will provide best execution for the order, the Client would not participate in that order and the Adviser would have to place the order for the Client through one of the Client's approved broker-dealers. As a result, the Client might pay a higher price or receive a lower price for the same security than those Clients who participated in the aggregated order. Thus, restricting the broker-dealers that the Adviser may use to effect transactions for its account may cost the Client money.

### **f) Aggregation Allocation of Trades**

When orders to purchase or sell the same securities on identical terms are placed on behalf of more than one account managed by HEI or its affiliates, the transactions are normally averaged as to price (to the extent they are executed with the same broker/dealer) and allocated as to amount in accordance with the order placed for each account. Such orders are combined, when possible, to facilitate best execution by reducing overall transaction costs. In cases where only part of an order is filled,

securities are allocated to accounts in a manner which HEI deems equitable, which may include pro rata or certain other methods such as a rotation process. In certain limited circumstances, HEI may also select certain clients to participate in a partially filled order based upon certain criteria that it deems significant, including, without limitation: (a) the need for, or availability of, cash to complete the transaction; (b) whether the transaction would result in a meaningful position for the client's account; (d) whether a client's account is under or over-weighted with respect to a particular security, industry or sector in comparison to other accounts in the order; (e) the availability of an alternative investment in the same security or industry; and (f) minimum lot sizes required by the issuer of the security.

***g) New Issues and Other Limited Opportunities***

HEI may invest Client assets new issues in equities or bonds. ("New issues"). New issues frequently are in great demand and available only in limited quantities. Moreover, new issues can trade at a premium shortly after issuance. Because these factors subject new issues to potential abuse, HEI seeks to ensure that new issues are allocated in a fair and equitable manner. Each portfolio manager will determine whether to participate in a new issue for some or all his or her client accounts. This decision as to whether to participate in a new issue and to what extent will be based upon factors such as, without limitation: (i) the investment strategy or the investment parameters associated with the strategy used to manage the Client accounts; (ii) the merits of the investment proposition; (iii) whether the risks of investing in a new issue are appropriate for the client accounts; and (iv) Client guidelines or legal restrictions.

Because orders for new issues are often only partially filled, accounts participating in the original order may receive only a portion of the amount requested and may not receive any allocation at all. A portfolio manager may decide not to participate in a particular new issue based on the merits or profile of the investment opportunity. Many HEI investment strategies are relative-value oriented and long-term in nature. When considering whether to invest in a new issue, the portfolio manager weighs the investment proposition against the potential for gain from the existing holdings in the strategy and the other costs associated with the transactions, including transaction implementation costs related to selling positions to pay for the new issue. Many HEI strategies do not invest in new issues on a regular basis, while certain strategies, particularly certain of HEI's alternative investment strategies, do. New issues may trade at a premium over the new issue price shortly after its issuance. Consequently, those strategies that regularly invest in new issues (including strategies used to manage HEI's hedge funds) may be able to quickly sell new issues and may therefore significantly benefit from such investments, while those strategies that do not regularly invest in new issues will not.

### **Item 13: Review of Client accounts**

#### **a) *Client Account Reviews***

Our portfolio managers review Client portfolios on a regular basis considering Client objectives and guidelines and in response to market events and the Adviser's general policies and strategies. In addition, the portfolio managers meet regularly to consider economic, market and general investment matters not related to specific Client accounts. No single Client account is the sole responsibility of any one portfolio manager. Member(s) of the Adviser's portfolio management team at least monthly to monitor performance consistency among Clients with similar objectives.

#### **b) *Client Reports***

Separate Account Clients receive regular quarterly reports. These reports provide information on account size or account balances, performance, industry commentary, securities held, values and other information designed to provide clients with an assessment of their portfolios.

#### **c) *Content and Frequency of Regular Reports Provided to Clients***

Each client of HEI's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. HEI will also provide at least quarterly a separate written statement to the client.

#### **d) *Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material markets, economic or political events, or by changes in a client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

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

It is HEI's policy not to engage solicitors or to pay related or non-related persons to refer potential clients to our firm. It is HEI's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Should the Adviser in the future amend its policy to compensate third parties for client referrals, before making payments for any client referral, the Adviser will require each such third party to enter into a written referral agreement. This agreement will comply with the requirements set out in Rule 206(4)-1 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the potential client at the time of the solicitation or referral. Referral fees are a percentage of the annual management fees, incentive allocation, or a combination thereof, earned by the Adviser on referred accounts. The referral fees typically do not result in additional expenses for the referred Client. Potential clients are required to acknowledge they have been informed of the referral arrangement, including the type and amount of compensation, prior to HEI accepting the Client's account.

### **Item 15: Custody of Clients' Cash and Securities**

When it deducts fees directly from client accounts at a selected custodian, HEI will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

When advisory fees are deducted directly from client accounts at client's custodian, HEI will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, HEI will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. The client will receive quarterly statements from the custodian showing all disbursements in the account, including the amount of the advisory fees. Clients are urged to compare the account statements they received from the custodian with those they received from HEI.

HEI or an affiliate may, among other things, act as general partner to private investment Funds for which HEI may serve as investment manager. Such powers may cause the Adviser to be deemed to have custody of the private investment Fund's assets for purposes of SEC rules and regulations. Accordingly, to meet the requirements of these rules and regulations, private investment Funds for which we serve as investment manager are subject to an annual audit in accordance with generally accepted accounting principles conducted by an independent public accountant registered with the Public Company Accounting Oversight Board and the audited financial statements are distributed to investors in the private investment funds within 120 days of the end of the Funds' fiscal year.

**Item 16: Investment Discretion**

HEI provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, HEI manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, HEI's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to HEI). Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Where HEI does not have discretionary authority to place trade orders, HEI will secure client permission prior to effecting securities transactions for the client's account.



**Item 17: Voting Client Securities**

**a) *Firm Proxy Voting Authority***

HEI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of security.

**Item 18: Financial information of the Adviser**

**a) *Balance Sheet***

HEI neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

**b) *Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither HEI nor its management has any financial condition that is likely to impair HEI's ability to meet contractual commitments to clients.

**c) *Bankruptcy Petitions in Previous Ten Years***

HEI has not been the subject of a bankruptcy petition in the last ten years.