

# **SZOP Multistrat Management LLC**

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

March 29, 2024

This Brochure provides information about the qualifications and business practices of SZOP Multistrat Management LLC (the “Adviser” or “SZOP”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Chaya Nourafchan at 646-975-5542 or [cnourafchan@szopfund.com](mailto:cnourafchan@szopfund.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration as an investment adviser reflects only that a firm has registered with the SEC and does not imply a certain level of skill or training.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

The Adviser does not believe that there has been any material changes to this Brochure as of the last filing dated March 31, 2023. Our current and future 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. To receive an additional current copy of this Brochure free of charge, please contact the Chief Compliance Officer, Chaya Nourafchan at 646-975-5542 or [cnourafchan@szopfund.com](mailto:cnourafchan@szopfund.com).

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

The Adviser is an investment advisory firm organized as a limited liability company under the laws of the state of Delaware with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in 2022. The Adviser is principally owned by Antonio Ruiz-Gimenez and Kerry Propper (the “Principals”).

The Adviser provides discretionary investment advisory services to a private fund and in the future may provide additional advisory services to other clients (the “Client”). For the Client, the Adviser generally has broad and flexible investment authority with respect to its investment portfolio. The Adviser provides investment advisory services to the Client based on its specific investment objectives and strategies. The Adviser does not tailor its advisory services to the individual needs of individual investors in the Client. The Client can have investment restrictions on investing in certain securities or other assets, to the extent such securities are outside of the applicable Client’s existing investment program, as set forth in the Client’s offering documents and agreements (the “Governing Documents”).

The Adviser does not participate in a wrap fee program.

As of December 31, 2023, the Adviser has approximately \$55,076,185 in regulatory assets under management, which was managed on a discretionary basis.

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

The Adviser charges the Client a 1% annual management fee (“Management Fee”). The Management Fee will be payable in advance quarterly and will be charged based on the net asset value. The Management Fee will generally be prorated for any period that is less than a full quarter. The Adviser generally instructs the Client’s administrator to deduct the Management Fee from the Client’s account.

Additionally, at the end of each fiscal quarter, 20% of any net new profit in a limited partner’s capital account will be reallocated to the Client’s general partner’s capital account for that period (the “Incentive Allocation”). Net new profit means any amount by which the value of a partner’s capital account as of the end of any fiscal quarter exceeds its “high water mark.”

The Adviser, in its sole discretion, can waive or modify the Management Fee and the Incentive Allocation for investors that are members, employees or affiliates of the Adviser, relatives of such persons, and for certain large or strategic investors.

The Client will generally bear its own expenses including investment and operational expenses, as set forth in the Governing Documents. The Client will either directly pay for or reimburse the Adviser or its affiliate for such expenses. Operation expenses include but are not limited to administrative fees and expenses of the Client, including but not limited to initial organizational expenses and other expenses incurred in the offering and sale of limited partnership interests, legal, accounting, insurance, auditing (if any) and tax services and fees, expenses of research and data collection and analysis, costs of communication with limited partners and fees of any third-party administrator. Moreover, investment expenses shall include but not be limited to the fees and expenses of the Client relating to its investing activities, including but not limited to all brokerage fees and commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, charges, fees and expenses relating to any dealing in digital assets, costs of any outside appraisers, accountants, attorneys or other experts or consultants, any legal fees and costs arising in connection with any litigation or regulatory investigation instituted against the Client or its affiliate in connection with the Client’s investment activities, withholding and transfer fees, clearing and settlement charges, and any other expenses related to the

purchase, sale or transfer of investments (including travel expenses relating to the Client's investing activities).

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

As described in Item 5 above, the Adviser receives an Incentive Allocation. Given the performance-based fee, the Adviser may be incentivized to tolerate more risk in the Client's portfolio than it otherwise would. The receipt of performance-based compensation creates a potential conflict of interest between the Adviser's interest to generate revenue for itself, and its personnel and affiliates, and the interests of the Client and its investors. Specifically, performance-based fee arrangements create an incentive for the Adviser to make investments that are considered riskier or more speculative than those that would be otherwise recommended under a different fee arrangement. The Adviser reviews investment decisions for the purpose of ensuring that the Client is being managed in accordance with the Client's investment objectives, strategies and risk profile.

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

As described in Item 4, the Adviser's Client is a pooled investment vehicle. The Client limits its investors to persons who are "accredited investors" as defined in the Securities Act of 1933 and "qualified clients" as defined in the Investment Company Act of 1940.

The initial minimum commitment of an investor will generally be \$1,000,000. Additional commitment minimums will be at the discretion of the Adviser or its affiliate. Provided, however, commitments less than \$1,000,000 can be accepted at the discretion of the Client's general partner.

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

The Client will have its own specific methodology, investment strategy and risk factors. Potential investors must review the applicable Governing Documents.

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

As discussed in Item 4, the Adviser retains broad flexibility to invest on behalf of its Client, as specified in the applicable investment advisory agreement. Nonetheless, in general, the Adviser's strategy (the "Trading Strategy") will be to strive to achieve capital appreciation by deploying a hedge fund strategy. The Adviser's strategy will include investing in a wide range of securities including but not limited to securities of special purpose acquisition companies (each a "SPAC" and together, "SPACs"), listed and unlisted capital stocks, bonds and other forms of debt securities. The Adviser believes that the Trading Strategy offers the Client investment flexibility as well as the ability to mitigate risk.

##### **Risk Factors**

Trading Strategy Risks. The Trading Strategy has a high-risk nature, and there can be loss or depreciation of the value of any investment due to the fluctuation of market values. There is no guarantee that the Trading Strategy's investment objective will be achieved. There can be no assurance that profits will be realized, or losses avoided or limited (including complete risk of loss), as a result of the trading activities conducted by Adviser.

Risks Associated with Investing in SPACs. The Client will invest in SPACs, otherwise known as "blank check companies" formed for the purpose of facilitating a merger or other business combination with one or more entities. Upon a SPAC's initial public offering, it typically has no operating history. Certain risks

are associated with investing in SPACs including but not limited to the uncertainty of whether a SPAC will find a target company to acquire and if a target company is identified, the identity of such target company and its associated risks and liabilities. Further, SPACs have become an area of great focus for the SEC and regulatory updates could affect the Client's investments in SPACs. Because SPACs have a limited operating history, the value of their securities is particularly dependent on the ability of the entity's management to complete a business combination.

The economic model for a SPAC depends on there being a market for its securities prior to a business transaction. The Adviser will estimate what it believes to be the amount of cash in the trust account that will be available to holders of common stock upon exercise of redemption rights or a liquidation of a SPAC. Often, SPAC securities are illiquid prior to the consummation of a business combination.

The Client's portfolio will also include SPAC warrants and rights. Although the Clients can acquire warrants and rights separately, the Clients will typically receive units in an initial public offering which is comprised of equity and at times rights and/or warrants. The holder of SPAC warrants has the right to buy the stock of such applicable issuer at a given price at a specified future time. SPAC warrants and rights generally can only be exercised in limited circumstances, and in the absence of such circumstances, the market for such warrants may be limited (or non-existent), and such warrants can be deprived of value and even expire worthless.

Moreover, an affiliate of the Adviser, including but not limited to Chardan Capital Markets LLC ("Chardan"), will at times be invested indirectly or directly in the sponsor of a SPAC or will serve as an adviser, placement agent, and/or underwriter to a SPAC that the Client is invested in. Further, such sponsor, and affiliate(s) including a Client, will be unable to trade in such securities during any period of time that any such aforementioned party has (or is deemed to have) possession or knowledge of material non-public information ("MNPI") regarding the SPAC. If the SPAC is unable to timely consummate a "de-SPAC" business combination, it would be required to liquidate, and such sponsor including the Adviser's affiliate at times will likely lose their direct and indirect investment(s) in the SPAC, in whole or in part.

If the Clients invest in a SPAC that is unable to complete an initial business combination, then the Clients will likely receive its share of the proceeds held in trust, however this can be subject to reduction if third party claims are made against the trust, including potentially the Clients having to return any such proceeds.

Clients should be aware that these factors, among others, and the nature of an investment in a SPAC have the potential to adversely impact a Client and its performance.

Risks Related to Investment in SPACs or SPAC Sponsor Equity. As discussed above, Chardan and other related parties, at times, will either sponsor, underwrite, and/or advise SPACs. Additionally, Chardan and other related parties, including a Principal, at times will gain access to SPAC sponsor equity because of its or their relationship with the sponsor of a particular SPAC. SPAC sponsors typically have broad powers to forfeit, transfer, exchange or otherwise affect the sponsor equity securities. Generally, SPAC sponsor securities are subject to various trading restrictions.

Founder shares of a SPAC, which were purchased or otherwise received by the sponsor and/or directors or other affiliates of the SPAC prior to the SPAC's IPO, have limited voting rights, if any, and are not entitled to a pro rata portion of the trust proceeds if a business combination does not occur. Founder shares and warrants purchased prior to or in connection with the SPAC's IPO will become worthless if there is not a successful business combination.

Furthermore, there will be cases where affiliates and related parties of the Adviser, including clients of such persons, will invest in certain SPACs or SPAC sponsor equity, in which a Client invests. The Adviser

will likely face a conflict of interest regarding those investments because the Client's investment in the issuer could also benefit affiliates of the Adviser by providing capital to the applicable issuer in which the other clients have an investment.

Changes in Trading Strategy. The Trading Strategy can be modified overtime in accordance with the Governing Documents. The Adviser shall comply at all times with the Trading Strategy when making investments or taking other actions on behalf of its Client, and shall promptly adjust the Client's accounts to comply with any properly adopted amendments to the Trading Strategy. However, in any case, the Adviser retains broad flexibility to invest on behalf of its Client, as set forth in the investment advisory agreement.

Reliance on Key Person. The Client is dependent on the services of the Adviser, and the operations of Adviser depend in substantial part on the services of the Principals. There can be no assurance that the Principals will continue to be associated with the Adviser throughout the life of the Adviser. The loss of a Principal could have a material adverse effect on the Client's ability to realize its investment objectives.

Market Disruptions; Government Intervention. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. The Client could incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets, many positions, become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

Cybersecurity. The Adviser, its service providers, its counterparties and other market participants on whom the Adviser relies, increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Client or their investors, despite the efforts of the Adviser, its service providers, its counterparties and other market participants on whom the Adviser relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, e-mail and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Client or its investors. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's, its affiliates' or any of their service providers' systems to disclose sensitive information in order to gain access to the Adviser's data or that of its investors. A successful penetration or circumvention of the security of the Adviser's systems or the systems of the Adviser's service providers, counterparties or other market participants on whom the Adviser relies on could result in the loss or theft of an investor's and of Client's data or funds, the inability to access electronic systems, disruption of its business, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Client, the Adviser, their service providers, their counterparties and other market participants on whom the Adviser relies on to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, liability to clients or third parties, regulatory intervention or financial loss. Furthermore, the Adviser cannot control the cybersecurity plans and systems put in place by its service providers or any other third parties whose operations may affect the Client.

Operational Risk. The Client is subject to operational risk, including the possibility that errors are made by the Adviser or its affiliates, the Client's service providers or any of their respective affiliates in certain transactions, calculations or valuations on behalf of, or otherwise relating to, the Client. Unless otherwise

agreed to in the Governing Documents or otherwise, Investors in the Client are generally not notified of the occurrence of an error or the resolution of any error. Generally, the Adviser, the Client's service providers and any of their respective affiliates will not be held accountable for such errors, and a Fund will generally bear losses resulting from such errors.

Lack of Transferability of Interests in a Client. The interests in the Client have not been registered under the Securities Act of 1933 ("Securities Act"), the securities laws of any state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. There is no public market for the interests in the Client and one is not expected to develop.

Shared Restricted List. The Adviser and certain of its affiliates share restricted lists. As such, Clients will be restricted from acquiring or disposing of certain securities that are on the shared restricted list. Please see Item 10 for more information.

Risk of Default or Bankruptcy of Third Parties. The Client will engage counterparties. Under certain conditions, the Client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, other financial instruments and/or other assets were to become illiquid. In addition, the Client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Fund does business, or to which securities, other financial instruments and/or other assets have been entrusted for custodial purposes.

Equity Securities. The Client will hold equity securities. The value of equity securities is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and involve a greater degree of risk than some other forms of investment.

Derivatives Transactions. The Client at times will use derivatives in its investment program for speculative and hedging purposes, including options. The use of such instruments entails various risks, including the liquidity and leverage risks described herein. Derivative instruments involve a variety of material risks, including, in some cases, extremely high embedded leverage. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying them may not correlate with historical patterns, resulting in unexpected losses.

Options. Trading options is highly speculative and may entail risks greater than investing in other securities. Option prices are generally more volatile than other securities' prices. When trading options, the Client is speculating on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the options. A change in the market price of the underlying securities or underlying market index would cause a much greater change in the price of the option contract. In addition, if the Client buys options that it does not sell or exercise, it will suffer the loss of the premium paid.

Short Selling. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Client of buying those securities to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, such Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise

further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a Client may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis, further exacerbating the potential loss to the Client. Lastly, even though a Client will secure a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing such Client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by such Client.

**Leverage for Investment Purposes.** The Adviser uses leverage in its discretion. The use of leverage will allow the Adviser to make additional investments on behalf of a Client, thereby increasing the Client’s exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of a Client’s portfolio. The effect of the use of leverage by a Client in a market that moves adversely to its investments could result in substantial losses to a Client, which would be greater than if such Client were not levered.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in the Client managed by the Adviser. This strategy involves a risk of loss to the Client, and investor(s) in the Client must be prepared to bear the loss of their entire investment.

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

There is no disciplinary information to disclose.

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

Kerry Propper is a registered representative, substantial owner, and Chairman of Chardan, a FINRA registered broker dealer. At times, conflicts of interest will arise given Mr. Propper’s ownership stake in Chardan and when allocating Mr. Propper’s time and activity between the Adviser and Chardan. However, it is anticipated that Mr. Propper will continue to dedicate the majority of his time to the Adviser and Related Advisers (as defined below).

With respect to Chardan’s relationship with the Adviser, Chardan provides broker dealer services to the Clients in exchange for financial compensation. Such services will include but not be limited to Chardan (i) presenting investment opportunities, including SPAC initial public offerings, to the Adviser for the Clients to participate in and (ii) executing transactions for the Client. The Adviser anticipates that Chardan will execute a portion of the Client’s transactions, if the Adviser determines that it is consistent with its practices with respect to seeking best execution. Additionally, Chardan, at times, will also provide investment banking advice to issuers in the Client’s portfolios and act as an underwriter, placement agent and adviser to SPACs to which the Client is invested in.

In exchange for the aforementioned services, the Client will pay fees which the Adviser views as reasonable in light of the services received and current industry rates. For example, Chardan will receive customary fees in the form of commissions for transactions which are affected through Chardan as an executing broker. Any such compensation received by Chardan and indirectly by Mr. Propper (by virtue of his ownership interest in Chardan) will be in addition to any compensation that Mr. Propper will receive in connection with his role as a principal of the Adviser. For the avoidance of doubt, Mr. Propper will not receive any direct commissions with respect to any Client transaction.

The receipt of any such fees creates actual and/or potential conflicts of interest including but not limited to the Adviser having an incentive, economic or otherwise, to select Chardan to execute the Client's trades or invest in investment opportunities which Chardan presents to the Adviser for the Client's account(s). In any case, the Adviser believes this conflict is mitigated as it will seek best execution when determining a broker dealer, including Chardan, for its Client's transactions and will act in the best interest of the Client when striving to achieve the Client's investment objectives. Please see Item 12 for the Adviser's considerations when selecting a broker dealer.

Moreover, as discussed in Item 8, Chardan (and at times Mr. Propper) will sponsor SPACs and/or beneficially own SPAC sponsor equity. Chardan and Mr. Propper will benefit from the Client's ownership in any such SPAC. In fact, Chardan (and Mr. Propper) will likely avoid substantial losses and potentially receive substantial gains, if any such SPAC successfully completes a business combination. In such instances, a conflict of interest will arise when voting whether a particular target business is an appropriate business with which to effectuate a business combination. The Adviser will comply with its policies and procedures to mitigate any potential conflicts in accordance with its internal procedures, investment management agreement and its fiduciary duty to its Client (see Item 17 for more information on the Adviser's Proxy Policy).

Moving to the Adviser's investment advisory affiliates, the Adviser discloses other related persons in Item 7.A of Part 1A of its Form ADV including but not limited to other affiliated registered investment advisers, ATW Partners LLC ("ATW Partners") and its relying Adviser ATW Opportunities Management, LLC ("ATW Opportunities"), and ATW SPAC Management LLC ("ATW SPAC," and collectively together, the "Related Advisers"). The Related Advisers are under common control with the Adviser. As a result of this, dealings between the Adviser, the Related Advisers, the clients of the Related Advisers, the general partners of such clients, and between each of these entities and the Client, will not reflect terms that would be reached in an "arms-length" negotiation if the entities had different Principals. As an example, the Client will at times benefit from research paid for by other clients of Related Advisers and vice versa. In addition, conflicts of interest can at times arise when allocating the Principals' time and activity between the Adviser and the Related Advisers and in effecting transactions for these entities and the Client, including transactions in which the Principals have a greater financial interest. The Principals will endeavor to act in a manner they consider fair, reasonable, and equitable in allocating their time and investment opportunities among the aforementioned affiliates.

Moreover, the Related Advisers have varying trading strategies. Related Advisers and the Adviser hold securities of the same companies (including having positions in different parts of the capital structure and cross positions), and could purchase securities for one client and sell for another, which at times will present a conflict of interest. For example, the Adviser and ATW SPAC are investment advisers that implement proprietary trading strategies focused on trading in public equity securities, including SPACs and other publicly-traded securities which at times will engage in mergers or other business combination transactions with companies that are or may become portfolio companies of other Related Advisers. Likewise, Related Advisers, at times, will invest through a (i) private investment in public equity ("PIPE"), (ii) private company that has committed or is expected to merge with a SPAC, (iii) post-merger company, (iv) other publicly traded entity or (v) otherwise, where the Client(s) beneficially own the publicly-traded securities or have another interest in such company. Accordingly, perceived, and actual conflicts of interest exist and arise with respect to the investment strategies of the Client managed by the Adviser versus the investment strategies of the Related Advisers. The Adviser at times will make different decisions with respect to the Clients' investments in the securities than decisions that are or will be made for the other clients of related parties that also hold the same or similar securities.

In sum, the Adviser, Related Advisers (including their respective clients), the Client, and other related parties including Chardan will at times have conflicting interests regarding the same or related investment positions. For example, without limitation, the Client will be conflicted when presented an opportunity to vote shares of a SPAC, when clients managed by Related Advisers own interests in the private target company or when Chardan is the underwriter or sponsor of the SPAC. Moreover, the Client at times will be restricted pursuant to the activities or access to information of the aforementioned parties. For example, without limitation, the Adviser at various times will be subject to different restrictions with respect to their ability to sell or otherwise deal in securities of portfolio companies held by or anticipated to be held by the Client based on contractual commitments by which it, the Related Advisers, and Chardan are bound, and/or applicable federal securities law restrictions and exemptions, etc. The Client at times will also be restricted as the Related Advisers and Chardan will share and be required to comply with each other's restricted lists. Stated differently, the Adviser and Client will become restricted if a Related Adviser or Chardan are in possession of MNPI of a certain issuer.

The Adviser and its Principals will use commercially reasonable best efforts to adhere to procedures designed to ensure that all such clients are treated equitably and in a manner that does not adversely affect any one client to the benefit of another. The Adviser will at all times act in compliance with its fiduciary duty and all applicable laws, rules and regulations. Conflict of interest situations that arise in connection with the management of the assets of the Client will be handled on a case-by-case basis. If a principal transaction or agency cross transaction arises by virtue of the relationships mentioned herein, the Adviser will receive the required consents from the Client in accordance with Rule 206(3) of the Investment Advisers Act of 1940 (the "Advisers Act").

Future activities of the Adviser and its related parties may give rise to additional conflicts of interest.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its supervised persons to put the interests of the Client before their own interests and to act honestly and fairly in all respects in their dealings with the Client. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Upon onboarding with the Adviser and at least once a year thereafter, each supervised person is required to acknowledge their receipt and understanding of the Code and agree to be bound by it. Supervised persons are required to promptly report any violations of the Code of which they become aware. For additional information about the Code or to request a copy, please contact the Chief Compliance Officer, Chaya Nourafchan at 646-975-5542 or [cnourafchan@szopfund.com](mailto:cnourafchan@szopfund.com).

The Code contains a securities trading policy, which sets forth standards of conduct that are expected of Supervised persons, as well as addresses conflicts that may arise from personal trading. The Code covers standards of business conduct, prohibited business practices, personal trading requirements, reporting of personal securities transactions, insider trading, restrictions on accepting and giving significant gifts, and reporting of certain gifts and business entertainment items, among other items.

The Code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated. Supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of MNPI regarding these securities or communicating MNPI to others. A restricted list is maintained regarding issuers which the Adviser and its related persons, including but not limited to the Related Advisers and Chardan, have MNPI. Pre-clearance is required for certain personal securities transactions and Client transactions, including initial public offerings, certain limited offerings, and other reportable transactions. In addition, supervised persons are generally required to submit quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

The Adviser's Code requires personnel to report their personal securities transactions and comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, MNPI. In the course of its investment management and other activities, the Adviser will directly or indirectly come into possession of confidential or MNPI about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or MNPI that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

#### Participation or Interest in Client Transactions

Supervised Persons of the Adviser will at times have interest in Client's transactions and positions personally or by virtue of their relationships with the Adviser's Related Advisers and with respect to Mr. Propper, also his relationship with Chardan. Such practices and relationships present a conflict where, the Adviser or its related person is in a position to trade in a manner that could adversely affect the Client. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Client by adversely affecting the price at which the Client trades are executed. The Adviser has adopted the Code, in part, in an effort to minimize such conflicts. The Adviser requires its related persons to pre-clear certain transactions in their personal accounts with the Adviser's Chief Compliance Officer or her delegate, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Client. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All supervised persons of the Adviser are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer or her delegate and compared with transactions for the Client accounts and reviewed against the restricted securities list.

To the extent the Adviser buys or sells securities for a Client, at or about the same time that the Adviser or a related person, including clients of a Related Adviser, buys or sells the same securities for its own account, the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the client.

The Adviser will at times be presented with investment opportunities that will be suitable for the Client and one or more of the Related Advisers' clients. In determining which investment vehicles should participate in such investment opportunities, the Adviser and affiliates are subject to conflicts of interest among the applicable clients. The Adviser attempts to resolve these conflicts of interest in light of its obligations to the Client and attempts to allocate investment opportunities among clients in a fair and equitable manner and in accordance with the Adviser's policies on investment allocation or as otherwise agreed to by the applicable clients including the Client.

If a principal transaction or agency cross transaction arises, the Adviser will execute such transaction with the consent of the Client or as otherwise permitted by Rule 206(3) of the Advisers Act. The Client consent

will be sought in connection with any approvals required under the Client's investment advisory agreement and the Advisers Act, including Rule 206(3) thereunder, or otherwise.

Lastly, the Adviser has implemented policies and procedures to guard against any conflicts and risks that are enhanced by having supervised persons associated with multiple regulated entities at one time, including but not limited to conflicts of interest, misappropriation, proprietary or private information, and any other form of market manipulation.

## **Item 12. Brokerage Practices**

The Adviser does not receive Client referrals for recommending broker-dealers to the Client.

As described in Item 10 above, Mr. Propper is an equity owner of Chardan and serves as the Chairman. Client at times will engage in transactions with Chardan, by which Chardan presents investment opportunities to the Adviser in which the Client at times will invest and will act as an executing broker for Client. Please refer back to Item 10 for additional information.

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions. Such factors include but are not limited to net price, reputation, financial strength and stability, expertise, operational and regulatory controls, availability and quality of service, responsiveness, and the competitiveness of compensation rates in comparison with other brokers. Brokers are selected based on the ability of the broker to provide best execution, as well as the characteristics of the security to be traded and the willingness and ability of a firm to provide proprietary research or third-party research services deemed valuable to the investment process. This determination is a qualitative analysis, and the lowest possible commission cost is not a determinative factor.

It is the Adviser's practice to aggregate purchase and sale orders of investments held by a Client's account with similar orders being made simultaneously for another client account of a Related Adviser, if, in the Adviser's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such Client based on an evaluation that the Client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale in a manner it deems fair and equitable among the participating accounts (including clients of Related Advisers). At times, this will result in a pro rata allocation or other allocation as agreed to with the Clients. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable.

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

The Principals, and other investment professional, will regularly review and monitor the Client's portfolio to determine whether positions should be maintained in view of current market conditions. The Adviser's review generally considers specific securities held, adherence to investment guidelines and the Client's performance.

Significant market events affecting the prices of one or more securities in Client accounts will trigger reviews of Client accounts on other than a periodic basis.

Client's investors receive reports as described in the Governing Documents and as otherwise required under applicable law. Such reports generally include but are not limited to audited financial statements on an annual basis, periodic portfolio updates, and account statements.

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

The Adviser has no client referrals or other compensation to disclose.

Provided, however, the Adviser will receive unsolicited research or other products or services other than execution (collectively the "Free Services") from broker-dealers at no apparent additional charge and not pursuant to any written "soft dollar" arrangement from a broker-dealer in connection with Client securities transactions. To the extent that the receipt of such Free Services is deemed an economic benefit or a "soft dollar" relationship, the Adviser will limit the Free Services to items that constitute research and brokerage within the meaning of Section 28(e). These services can create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services can result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates which can result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its Clients.

#### **Item 15. Custody**

The Adviser complies with the requirements of the Rule 206(4)-2 of the Advisers Act ("Custody Rule") with regards to custody of assets of the Client. The Custody Rule 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 investment 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). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser. The Adviser 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, FCM and certain foreign financial institutions.

The Custody Rule generally imposes on advisers with custody of client's 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. Clients that receive account statements directly from a custodian should carefully review these account statements. However, the Adviser 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. At this time, the Adviser relies upon this exception for the Client and is therefore not subject to the Custody Rule reporting and examination requirements.

Upon completion of the Client's year-end audit, the Adviser intends to distribute audited financial statements to the investors in the Fund within 120 days of the end of each fiscal year, in compliance with the Custody Rule.

The Adviser urges the Client (and investors in the Client) to carefully review all statements and reports they receive and whenever possible to compare the same or similar information on different reports.

## **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Client. Please see Item 4 for a description of any limitations the Client may place on the Adviser's discretionary authority. The Adviser has entered into an investment management agreement with the Client, which sets forth the scope of the Adviser's discretion, prior to assuming full discretion in managing the Client's assets.

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

The Adviser has adopted policies and procedures to address how the Adviser will vote when provided proxies to do so by entities in which the Adviser has invested on behalf of the Client (the "Proxy Policy"). The Proxy Policy seeks to ensure that the Adviser votes proxies or similar corporate actions in the best interests of the Client, taking into account such factors as it deems relevant in its sole discretion.

The Proxy Policy is designed to (i) identify any material conflicts of interest connected with a particular proxy vote and (ii) ensure that any vote where such conflicts are identified is not improperly influenced by the conflict. The Adviser understands the importance of proxy voting. The Adviser will vote all proxies in the best interests of the Client and the investors of the Client (as applicable) and in accordance with the procedures outlined in its Proxy Policy (as applicable), unless otherwise mandated by investment management agreements or applicable law.

If the Adviser cannot determine or is indifferent as to the issue of the proxy vote, and not voting is consistent with the best interests of the Client, then it will not be required to vote as applicable.

If a material conflict of interest between the Adviser and the Client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the securities voting policies and procedures is in the best interests of the Client or take some other appropriate action.

For additional information about the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Client's securities, please contact the Chief Compliance Officer, Chaya Nourafchan at 646-975-5542 or [cnourafchan@szopfund.com](mailto:cnourafchan@szopfund.com).

## **Item 18. Financial Information**

The Adviser is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. In addition, the Adviser also has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Client nor has it been the subject of a bankruptcy proceeding.