

Arthedge Capital Management, LLC  
Form ADV Part 2A – Disclosure Brochure  
March 12, 2024

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This brochure provides information about the qualifications and business practices of Arthedge Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Samir Gupta, our Chief Compliance Officer, at (516) 652-9875. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

You can find more information about us at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This filing represents Arthedge’s annual amendment to its brochure, dated March 8, 2023. Arthedge amended this brochure to reflect updated regulatory assets under management in Item 4.

## Item 3 – Table of Contents

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

## **Item 4 – Advisory Business**

### **The Company**

Arthedge Capital Management, LLC (“we,” “us” or “Arthedge”) is an investment adviser registered with the SEC<sup>1</sup> and serves as general partner to Arthedge Capital Partners, LP (the “Fund”). Arthedge previously filed as an exempt reporting adviser in May 2017 until Arthedge was required to register as an investment adviser on September 25, 2020. We are headquartered in Jericho, New York.

This brochure contains disclosures about the Fund, which are provided for regulatory disclosure purposes only. None of the disclosures in this brochure should be considered as an offer to purchase a security.

### **Advisory Services**

#### **Our Services and Investment Philosophy**

Arthedge provides investment advisory services to the Fund. While we have the flexibility to invest the Fund’s assets in a wide range of securities, we primarily invest Fund assets in global equity securities, including emerging market equities, that we believe are temporarily mispriced by the market. We focus our portfolio on the beneficiaries of long-term trends such as the ongoing disruption caused by software across the economy. Additionally, we may keep the Fund assets in cash or money market instruments when we expect better opportunities to arise in the future. We generally avoid the use of leverage.

The investment objective of the Fund is long-term appreciation of assets primarily through the careful selection and maintenance of a concentrated portfolio of global securities, including options on equity securities, exchange traded funds and money market funds. The decision to include a particular equity into the Fund’s portfolio is generally driven by our own proprietary analysis of fundamental conditions affecting the equity as well as judgment regarding the attractiveness of such equity's current market valuation. The Fund has an inherent long bias and expects to remain fully invested most of the time. The Fund may, from time to time, purchase or sell put or call index options, to hedge against market volatility. Therefore, we expect a relatively high degree of volatility reflecting general stock market volatility amplified by our concentrated portfolio. We believe that such volatility can sometimes present opportunities to acquire or dispose equities at attractive prices from the point of view of long-term capital appreciation and that the risk of long-term capital loss usually lies in incorrect evaluation of or unexpected deterioration of the fundamental factors underlying portfolio assets. More details about our firm’s investment strategies and the risks involved can be found under Item 8 of this brochure.

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<sup>1</sup> Registration as an investment adviser does not imply a certain level of skill or training.

### Investment Restrictions

Our advice is tailored to meet the needs of the Fund. Arthedge does not tailor its advisory services based on the individual needs of the Fund's investors. The Fund may enter into side letters and other agreements and arrangements with certain investors in the Funds, which may provide terms and conditions that are more advantageous than those set forth in the Fund's offering materials. Such terms and conditions may include different transparency rights, reporting rights, different withdrawal/redemption rights and/or different fee terms.

### Assets Under Management

As of December 31st, 2023, Arthedge had \$155,329,000 in assets under management. Client assets managed by us are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

### Amount of Our Fees

Our annual management fee for the Fund is 1.00% of the assets managed for the Fund. In addition to our annual management fee, we are also eligible to collect from qualified investors an annual performance allocation of up to 20% of the net capital appreciation generated by the Fund. The performance allocation is subject to (i) a “high-water mark” procedure and (ii) an 8% hurdle provision. The “high-water mark” procedure requires that the performance allocation only be applied to profits earned after historical losses have been recovered. The “hurdle” provision provides that we only receive our performance allocation if (i) the aggregate net capital depreciation for all previous accounting periods has been recovered and (ii) the balance of net capital appreciation at the end of an accounting period exceeds the balance, if any, in the limited partner's hurdle account. The 20% allocation is applied only to the net balance in excess of the 8% hurdle provision.

The Fund's general partner, in its sole discretion, may waive, reduce or calculate differently the management fee or performance allocation with respect to any investor, including investors who are affiliates or employees of Arthedge or members of the immediate families of such persons.

### Payment of Our Fees

Our management fee is paid quarterly in advance at the beginning of each quarter and is deducted from the Fund's assets. Our management fee is based on the value of the assets managed on the first day of each quarter. We pro rate our fee to limited partners on any amounts invested during a quarter. We will refund our fee on a pro rata basis if a limited partner withdraws all or any of the value in the limited partner's capital account during a quarter. If there is not enough cash in the Fund to pay our fee, we may sell some Fund assets to pay the fee.

Our performance allocation accrues monthly and, to the extent payable, is paid to us at the close of each fiscal year. We make pro-rated adjustments to the quarterly fee due to assets added or withdrawn during a quarter.

### **Withdrawals**

Investors in the Fund are generally limited in their ability to terminate their participation in the Fund. In addition to other redemption and transfer restrictions that are described in the Fund's offering documents, the Fund imposes a "lock-up" period such that investors may not withdraw capital that has not been invested for a specified period of time.

### **Other Fees and Expenses**

Fees and expenses, in addition to our management fees and performance allocation, will be incurred by the Fund, and indirectly borne by investors. For example, the Fund will incur costs related to its operating and organizational expenses, including but not limited to, accounting, auditing, tax preparation, and legal expenses, and fees payable to a custodian that holds client assets. We evaluate the relative annual costs of other service providers as a part of our investment decision making process. The Fund will also incur transaction costs, as discussed below in Item 12.

Arthedge renders its services to the Fund at its own expense and will be responsible for its overhead expenses.

**It is important for investors to review the offering documents of the Fund for a complete understanding of how Arthedge is compensated for its advisory services and a complete understanding of how fees are deducted from their assets. The information contained herein is a summary only and qualified in its entirety by the Fund offering documents.**

### **Compensation from Sales of Securities**

We do not accept compensation for the sale of securities or other investment products.

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

As stated above in Item 5, with respect to the Fund, in addition to our asset-based management fee, the Fund's general partner is eligible to collect a performance allocation. It should be noted that the possibility for the general partner to receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Arthedge to make investments that are riskier or more speculative than would be the case in the absence of such a performance-based fee. However, this incentive may be tempered somewhat by the fact that losses will reduce the Fund's performance and thus the fees earned. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to the Fund and the risks associated with such performance-based compensation prior to making an

investment. Arthedge also recognizes that it is a fiduciary and, as such, must act in the best interests of the Fund.

## **Item 7 – Types of Clients**

### **Types of Clients**

We generally provide asset management services and advice to private investment funds, including the Fund.

### **Minimum Account Size**

Investors in the Fund must be accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended. We also impose on Fund investors a minimum \$100,000 capital contribution. The Fund's general partner reserves the right to waive or increase the minimum account size requirements at its discretion.

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

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

As stated above in Item 4, while we have the flexibility to invest the Fund's assets in a wide range of securities, we primarily invest Fund assets in global equity securities, including emerging market equities, that we believe are temporarily mispriced by the market. We focus on situations where the market valuations are likely to be in flux due to *disruptive* economic forces. An example might be software displacing key economic functions of an economic sector such as the effect of e-commerce on retail, or streaming providers on media companies. We prefer owning the securities of companies that are doing the disrupting while avoiding securities of the disrupted companies. In addition, we prefer owning securities of companies that can *compound* their cashflow over time by reinvesting it in growing their market opportunity.

We use fundamental analysis, including the use of internal and external resources, to identify global securities currently discounted by the market. Fundamental analysis is a method of evaluating a security to assess its intrinsic value, by examining related economic, financial, and other qualitative and quantitative factors. To determine if a security is attractive, we assess the underlying company's management, culture, and ownership as well as earnings potential, free cash flow, current debt load, asset replacement cost and sector fundamentals. We pay special attention to the *durability* of a company's competitive position, especially considering the ongoing disruptive forces that are always present – secular trends affecting the composition of the economy.

We may keep the Fund assets in cash or money market instruments when we expect better opportunities to arise in the future. We generally avoid the use of leverage, although we retain the flexibility to do so.

While it is anticipated that the Fund will invest primarily in global equity and money market instruments, it has broad and flexible authority. Investments may include but are not limited to public and private securities such as common stock, warrants, preferred stock, depositary receipts, debt obligations, bonds, notes, debentures, commercial paper, convertible securities, repurchase and reverse repurchase agreements, loans, participations, financial instruments, investment contracts, certificates of interest, securities of companies in bankruptcy or reorganization proceedings or in other distressed circumstances, securities of or interest in other investment companies, partnerships, trusts, and other investment vehicles, options on or in respect of securities or securities indices, and rights and interests in respect of the foregoing; currency and commodity interest contracts and related instruments, including without limitation futures contracts, forward contracts, foreign exchange commitments, spot (cash) commodities, warehouse receipts, swap and similar transactions, contracts for differences, options on or in respect of the foregoing, other derivative and hybrid instruments, and other rights and interests in respects of the foregoing. The Fund may, from time to time, purchase or sell put or call index options, to hedge against market volatility.

The Fund may also invest in new issues of securities ("new issues"), provided that the Fund first complies with all of the rules and regulations pertaining to such investments, including the rules of the Financial Industry Regulatory Authority.

The Fund may take long, short, speculative, and hedged positions, and engage in stock lending transactions. The Fund may borrow, lend, and pledge money and investments and engage in financing transactions, including purchasing securities on margin, engage in repurchase and reverse repurchase transactions, and provide financing to private companies.

The Fund may trade securities on United States and non-United States exchanges and markets, including over-the-counter markets and emerging markets. The Fund may trade securities in publicly offered and privately placed transactions, on spot, current, future, forward, and when-issued delivery, settlement, and optional commitment bases, on margin, collateral, and partial and full payment bases, and in circumstances where securities may be restricted as to transferability or disposition.

### **Risks Associated with Our Methods of Analysis**

The success of our strategies depends in large part on our ability to accurately assess the fundamental value of an investment. An accurate assessment of fundamental value depends on a complex analysis of a number of economic, financial, operating, legal and other factors. No assurance can be given that we can assess the nature and magnitude of all material factors having a bearing on the value of securities.

In performing our analysis, our judgment about the attractiveness, value and potential performance of an individual security may be incorrect, and there is no guarantee that the securities we select will perform as anticipated. The value of an individual security can be more volatile than the market, or our approach may fail to produce the intended results. Our estimate of a security's intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long time before the price and intrinsic value converge. As a result, there is a risk of loss of



the assets we manage that is out of our control. Although we will do our best in managing your assets, we cannot guarantee any level of performance or that you will not experience a loss in your assets.

Additionally, in performing our analysis, we may use commercially available information services and financial publications, research materials prepared by various broker-dealers and other research developed by other third-party providers. Our methods rely on the assumption that the 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.

## **Risks Associated with Our Investment Strategies**

### **Risks Associated with Our Strategies - General**

All investments in securities include a risk of lost principal (invested amount) and any profits that have not been realized. Clients should be prepared to bear that risk. In addition, as recent global and domestic economic events have shown, the performance of any investment is not guaranteed.

Our limited partnership agreement states that we are not liable for any loss suffered because of any investment decision we make or other action we take or do not take in accordance with our advisory agreement unless any expense, loss, liability or damage is caused by our own gross negligence, bad faith, breach of fiduciary duty, willful or reckless malfeasance.

Nevertheless, nothing in our limited partnership agreement constitutes a waiver of any legal right under applicable federal or state securities laws or any other law whose applicability may not be waived through contract. If there is a discrepancy between the information in this brochure and a client's agreement with us, the agreement will control.

### **Risks Associated with Our Client Investments**

The execution of our primary strategies may subject the Fund and its investors to the following risks:

*General Economic Conditions.* Various sectors of the global financial markets have been experiencing an extended period of adverse conditions, including recent volatility as a result of the coronavirus pandemic, significant disruptions in global supply chains, natural disasters due to climate change, high inflation, the ongoing invasion of Ukraine by Russian military forces, the attack on Israel by Hamas and subsequent conflict in Gaza, and rising tensions between the United States and China. In addition, the recent closure of Silicon Valley Bank and Signature Bank along with the government orchestrated sale of Credit Suisse have highlighted the potential for bank failures and created pressure on a number of participants in the global financial system.

In recent years, market uncertainty globally has increased dramatically. These conditions have resulted in disruption of the global credit markets, periods of reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These volatile and often difficult global credit market conditions have episodically adversely affected the market values of equity, debt, fixed-income and other securities and these circumstances may continue or potentially deteriorate even further. The Fund's investments are expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Fund and these or similar events may affect the ability of the Fund to execute its investment strategies.

*Competition.* The securities industry and the varied strategies and techniques to be engaged in by the general partner are extremely competitive and each involves a degree of risk. The Fund will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

*Market Volatility.* The profitability of the Fund substantially depends upon the general partner correctly assessing the future price movements of stocks, futures, options, and other securities. The general partner cannot guarantee that it will be successful in accurately predicting price and energy related trends.

*Fund's Investment Activities.* The Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the general partner. Such factors include a wide range of economic, political, competitive, and other conditions (including acts of terrorism or war) that may affect investments in general or specific industries or companies. A climate of uncertainty may reduce the availability of potential investment opportunities, and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on our ability to execute the respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments and result in longer holding periods for investments. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the Fund to realize profits. As a result of the nature of the Fund's investing activities, it is possible that the Fund's financial performance may fluctuate substantially from time to time.

*Inflation Risk.* Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on the economies and financial markets, particularly in emerging economies, but also in more developed economies, including in the U.S. economy which is experiencing inflation at rates that have not been experienced in decades. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments, and increases in energy prices will have a ripple effect through the economy. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental

efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Fund's returns.

*Money Market Funds.* The Fund will hold cash or cash equivalents such as U.S. Treasury securities or other high credit quality, short-term fixed-income or similar securities (such as shares of money market funds). The federal funds rate is maintained by the Federal Reserve and is generally viewed as the base rate for all other interest rates in the U.S. economy. The higher the federal funds rate, the more expensive it is to borrow money. The U.S. federal funds rate can influence domestic and international monetary and financial conditions. The historically low-yield environment continues to encourage greater risk-taking across the financial system. Investors may seek incremental gains in yield for disproportionate amounts of risk. A sharp increase in interest rates or credit spreads could generate losses on longer-term assets, including less liquid assets. If such losses are borne by leveraged investors, they could lead to fire sales and further declines in asset prices.

*Investments in Undervalued Securities.* The Fund may invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. The Fund may make certain speculative investments in securities that the general partner believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the Fund may be required to hold such securities for a substantial period before realizing their anticipated value. During this period, a portion of the Fund's assets would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

*Small Companies.* The Fund may invest a significant portion of its assets in small and medium-sized savings banks and financial services companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

*Leverage.* When deemed appropriate by the general partner and subject to applicable regulations, the Fund may use leverage in its investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher

returns on the amounts invested, they also increase the risk of loss. To the extent the Fund purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed, could affect the operating results of the Fund. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Fund's use of leverage would result in a lower rate of return than if the Fund were not leveraged.

If the amount of borrowings which the Fund may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Fund's portfolios will have disproportionately large effects in relation to the Fund's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of the Fund to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional moneys borrowed fails to cover their cost to the Fund, the net asset value of the Fund will generally decline faster than would otherwise be the case.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

*Foreign Securities; Foreign Currencies.* The Fund may invest a portion of its assets in securities of foreign issuers. The Fund has no restrictions on the amount of its assets that may be invested in foreign securities and may purchase securities of issuers in any country, developed or undeveloped. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to the Fund's business, the Fund may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in foreign securities may represent a greater degree of risk than investing in domestic securities due to exchange rate fluctuations, possible exchange controls, less publicly-available information, different accounting and auditing standards, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), political and social upheaval, war or expropriation. Foreign securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs.

In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between the Fund's portfolio holdings of securities denominated in a particular currency and the Fund's portfolio holdings and currencies of foreign currency-related products purchased by the Fund to hedge any exchange rate risk. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to additional risk of foreign exchange rate loss.

*Options Risk.* The Fund may lose the entire put option premium paid if the underlying security does not decrease in value at expiration. Put options may not be an effective hedge because they may have imperfect correlation to the value of the Fund's portfolio securities.

Purchased put options may decline in value due to changes in the price of the underlying security, passage of time and changes in volatility. Written call and put options may limit the Fund's participation in equity market gains and may magnify the losses if the price of the written option instrument increases in value between the date when the Fund writes the option and the date on which the Fund purchases an offsetting position. The Fund will incur a loss as a result of a written option (also known as a short position) if the price of the written option instrument increases in value between the date when the Fund writes the option and the date on which the Fund purchases an offsetting position.

The Fund's private placement memorandum contains additional risk disclosures regarding the Fund's strategy and structure.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of us or the integrity of our management.

We have no legal or disciplinary events to report.<sup>2</sup>

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

We are obligated to disclose if we, any of our employees and independent contractors, or any of our affiliates are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers.

We do not have any other financial industry activities or affiliations to report. In addition, we do not receive compensation from other advisers for recommending or selecting them.

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

### **Code of Ethics**

We expect our supervised persons to always act in the best interest of our clients, and to place the interests of our clients ahead of their own. We have adopted a Code of Ethics (the "Code") that sets forth the standard of business conduct expected from each member of our team.

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<sup>2</sup> We note that registered advisors are required to report, in Part 1A of Form ADV, all disciplinary events regardless of whether they are material. We have no disciplinary events of any kind to report.

The Code restricts trading in any security for which we believe we may be privy to material non-public information. It also restricts personal trading activities to prevent any conflict of interest between personal trading and client trading. The Code limits gifts and entertainment, whether received or given, to avoid conflicts of interests. The Code causes all outside business activities of our team members to be disclosed so that potential conflicts can be detected and addressed. All our employees must accept in writing the terms of the Code upon employment, annually, and as amended.

We will provide a copy of the Code to any client or prospective client upon request by contacting the firm's Chief Compliance Officer at the telephone number specified on the cover page of this brochure.

### **Participation or Interest in Client Transactions and Personal Trading**

We and/or our supervised persons do not buy or sell the same securities or related instruments (for example, warrants, options, or futures) that we buy or sell for our clients until the Fund's portfolio manager has completed buying or selling securities for the Fund. We and/or our supervised persons do not include buy or sell orders in an aggregated transaction along with the Fund's buy or sell orders.

We do not buy or sell securities for client accounts if we and/or one of our supervised persons have a material financial interest in the issuer or the securities.

## **Item 12 – Brokerage Practices**

We are responsible for the placement of the portfolio transactions of the Fund and the negotiation of any commissions paid on such transactions. We may utilize the services of one or more introducing brokers who will execute the Fund's brokerage transactions through the Fund's primary broker, who clears the Fund's transactions and acts as custodian to the Fund.

We will seek to obtain the best execution for the Fund, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the firm's risk in positioning a block of securities; (v) the quality, comprehensiveness and frequency of available research services considered to be of value; and (vi) the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

*Soft Dollars.* We do not utilize soft dollar arrangements.

*No Directed Brokerage.* We do not permit clients or investors to direct us to effect securities transactions through a specific broker or other financial intermediary.

*Brokerage for Client Referrals.* We do not direct Fund brokerage business to brokers who refer prospective investors to the Fund.

## **Trade Errors**

From time to time, Arthedge may make a trade error when trading for the Fund. Trade errors are not errors in judgment, strategy, market analysis or economic outlook, but rather errors in implementing a specific trade. Examples of trade errors would be buying 10,000 shares of a security rather than the 1,000 that was intended or buying rather than selling a particular security. When Arthedge becomes aware of a trade error, it will work to rectify the issue in an expeditious fashion. Trade errors may result in losses or gains. Losses caused by trade errors committed by Arthedge will ordinarily be borne by the Fund, except for losses caused by Arthedge's willful misconduct or gross negligence, which losses would then be borne by Arthedge. Any gains resulting from such errors will be retained by the Fund.

## **Item 13 – Review of Accounts**

### **Account Reviews**

We review market conditions and account positions on a daily basis. Certain market conditions may trigger us to review account holdings more promptly. We also review accounts after each trade to help ensure that execution and settlement are satisfactory. Matters reviewed include securities held, adherence to the investment strategy, adherence to investment restrictions, and performance. Accounts are reviewed by Mr. Samir Gupta and Mr. Arun Garg.

### **Written Reports**

Fund investors will receive the Fund's unaudited financial statements on a quarterly basis and the Fund's audited financial statements on an annual basis within 120 days of the end of the Fund's fiscal year.

Arthedge may offer certain investors, upon request, additional information and reporting that other investors may not receive.

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

### **No Compensation for Client Referrals**

We do not currently compensate any person for client referrals. We are obligated to disclose any such arrangements.

### **Other Compensation**

Other than the compensation described in Item 5, we do not receive any compensation from anyone other than our clients.

## **Item 15 – Custody**

Arthedge maintains the assets of the Fund in accounts with “qualified custodians” pursuant to Rule 206(4)-2 under the Advisers Act. Arthedge is deemed to have custody of the Fund by virtue of its status as investment manager and general partner. To ensure compliance with Rule 206(4)-2 under the Advisers Act, Arthedge reasonably believes that all investors will be provided with audited financial statements, prepared by an independent accounting firm that is registered with, and subject to review by, the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Fund’s fiscal years (i.e., generally by April 30th). Investors should carefully review such audited financial statements.

## **Item 16 – Investment Discretion**

Our agreements with clients provide us with discretionary authority to manage securities accounts on behalf of clients. Such agreements give us the full discretionary power to select financial intermediaries, purchase, sell and exchange securities and other instruments, and reinvest all proceeds.

The Fund’s general partner does not advise or act on a client’s behalf in legal proceedings involving companies whose securities are held in an account, including, but not limited to, the filing of class action settlement claim forms.

## **Item 17– Voting Client Securities**

As a matter of policy and as a fiduciary to our clients, we have a responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. When a proxy proposal poses a potential conflict of interest, we will follow our procedures for addressing the conflict. Information about Arthedge’s proxy voting policies and procedures and how Arthedge voted any proxies on behalf of the Fund may be obtained by contacting the firm's Chief Compliance Officer at the telephone number specified on the cover page of this brochure.



## **Item 18 – Financial Information**

We must disclose any financial condition that could impair our ability to meet our contractual obligations to clients. We must also disclose if we have been the subject of any bankruptcy proceeding within the last 10 years.

We have no such financial condition to disclose currently, and we have never been the subject of any bankruptcy proceeding.