



**ITEM 1  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**KEPOS CAPITAL LP**

**SEC File Number: 801-72308  
CRD Number: 156361**

March 12, 2024

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*This brochure provides information about the qualifications and business practices of Kepos Capital LP. If you have any questions about the contents of this brochure, please contact us at (212)588-7400 or [info@keposcapital.com](mailto:info@keposcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Kepos Capital LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Kepos Capital LP is an investment adviser registered under the Investment Advisers Act of 1940. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

This iteration of the brochure from the last version (dated as of March 29, 2023) contains updates to: assets under management and certain non-material revisions.

As required by the U.S. Securities and Exchange Commission, in future updates to this brochure, this Item 2 will contain a summary of specific material changes that are made to this brochure and we will provide clients with a summary of these changes within 120 days of the end of our fiscal year (which is December 31). We may from time to time further provide additional disclosure information about material changes, by amending this brochure or through additional documents or other communications.

We will further provide each of our clients with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, clients may request our brochure by contacting our Investor Relations group at (212)588-7400 or [info@keposcapital.com](mailto:info@keposcapital.com).

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm.**

Kepos Capital LP (referred to in this brochure as "Kepos Capital," the "Investment Manager," the "firm," "we," or "us") is a Delaware limited partnership that was established in December 2009; in November 2010 we began to actively advise clients.

Our "principal owners" are Mark Carhart and Giorgio De Santis. Mr. Carhart is the Chief Investment Officer and a limited partner of Kepos Capital; he also controls Kepos Capital's general partner. Mr. De Santis is the Co-Director of Research and a limited partner of Kepos Capital and owns a non-controlling stake in Kepos Capital's general partner. Juhani Linnainmaa serves as a Co-Director of Research together with Mr. De Santis.

#### **B. Description of Advisory Services.**

We are a globally focused asset management firm that seeks to provide investment advisory services to U.S. and non-U.S.-based clients (including pooled investment vehicles, managed accounts and sophisticated institutional investors or other entities) by employing a scientifically-based approach to systematic global macro investing as well as fundamental and "quantamental" approach to equity special situation and carbon product investing.

The firm performs its advisory services predominantly through a systematic research and investment process. Specifically, the firm's personnel perform proprietary research, combining economic theory and/or statistical methods to identify financially profitable opportunities. Ideas are generally developed and evaluated based on factors such as economic intuition, published research, support from empirical evidence, statistical analysis, market conditions (such as the liquidity of tradable instruments), and leverage requirements.

While the main approach to investing by the firm is a systematic, statistically driven one, we also, employ certain strategies for some clients where economic intuition and investing experience are the main drivers of the strategies.

#### **C. Availability of Customized Services for Individual Clients.**

At present we do not offer investors in the pooled investment vehicles we manage the ability to select exposure to (or restrict or eliminate exposure to) specific assets, investments, or asset classes (other than "new issue" gains and losses, if any, that we allocate pursuant to applicable regulations); however, we may in the future offer investors within a single pooled investment vehicle the option to elect to obtain or to avoid exposure to a specific asset class or strategy.

Also, we offer customized products or management services to individual clients through managed accounts or other structures.

**D. Wrap Fee Programs.**

While we have the ability to do so, as of the date of this brochure, we are not participating in any wrap fee programs.

**E. Assets Under Management.**

As of December 31, 2023, our client regulatory assets under management totaled \$2,229,952,312 as reported on Form ADV Part 1A, and net asset value under management totaled \$2,009,057,981.

## ITEM 5 FEES AND COMPENSATION

### A. Advisory Fees and Compensation.

As we will only be providing this brochure to clients who are "qualified purchasers" under the Investment Company Act of 1940, we have not included a fee schedule or the other information requested by Item 5.A.

### B. Payment of Fees.

For clients that are pooled investment vehicles, we (usually through a third-party administrator) generally deduct management fees directly from a client account, usually on a quarterly basis and in advance. For incentive fees or incentive-based allocations of profits for clients that are pooled investment vehicles, we follow a similar procedure and generally deduct (usually through an administrator) these amounts directly from the client's account, generally on an annual basis and in arrears. For a managed account, this practice varies depending on the specific arrangement with an individual client.

### C. Additional Fees and Expenses.

Our clients are responsible for certain additional costs and expenses related to the trading and investment activity that we conduct for their accounts; this includes expenses incurred by them directly as well as reimbursements of expenses that we incur on their behalf.

While the organizational documents and investment management agreements relating to any specific client will dictate the actual expenses relating to that client, additional costs and expenses that we currently charge to some or all of our clients include: investment-related expenses; expenses related to obtaining research and market data and other data and information, including, without limitation, news and quotation equipment and services, data and information licenses and market data feeds and licenses; other investment research related expenses, including, without limitation, research sold by brokers and other third parties, investment-related travel expenses (including travel, lodging and meals), expenses related to the due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments; execution related expenses, including, without limitation, exchange fees and access charges, connectivity charges with exchanges and counterparties and fees for execution management software and services;<sup>1</sup> up to 50% of the costs and expenses of risk management and risk reporting software and services; systems and technology expenses, including, without limitation, any computer hardware and connectivity hardware associated with or incorporated into the cost of obtaining market data or other data or information and any fees and expenses relating to software tools, programs or other technology utilized in managing clients' portfolios; fees and expenses of any third-party administrator and other third parties providing administrative, accounting, operations and valuation services; third-party accounting, auditing and tax preparation expenses; regulatory and legal expenses; fees and expenses of pooled investment fund officers (including

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<sup>1</sup> Item 12 describes factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

AML Officers); expenses of the governance committee; other professional fees and expenses relating to investments or the operation of, or accounting for, a client account or (if the client is a pooled investment vehicle) of the client itself; placement agent fees and expenses, if any (which will reduce the compensation payable to the Investment Manager); costs of printing and mailing reports and notices; organizational, administrative, and ongoing registration, licensing, and similar fees and expenses of a client account or (if the client is a pooled investment vehicle) of the client itself; expenses relating to obtaining insurance for members of any board of directors and governance committee of a client and for us and our personnel; bank service fees; withholding and transfer taxes; entity-level taxes; other expenses related to the purchase, sale or transmittal of client assets; and extraordinary expenses and other similar expenses related to a client account or (if the client is a pooled investment vehicle) to the client itself.

When expenses are attributable to a specific class or to certain subset of investors within a pooled investment vehicle, we, in our discretion, generally may allocate such expenses only to such class or investors.

#### **D. Prepayment of Fees.**

As discussed above in Item 5.B., for our existing clients we generally deduct management fees directly from a client account, usually on a quarterly basis and in advance. A *pro rata* portion of such management fees will be paid in respect of any subscriptions made by new or existing investors on any date that does not fall on the first day of a calendar quarter, based on the actual number of days remaining in such partial quarter. If an investor redeems or withdraws from a pooled investment vehicle client, other than as of the last day of a quarter, we will repay a *pro rata* portion of any applicable management fee (based on the actual number of days remaining in the quarter) to the pooled investment vehicle for distribution to such investor. For a managed account, this practice varies depending on the specific arrangement with an individual client

#### **E. Additional Compensation and Conflicts of Interest.**

We do not accept, and none of our supervised persons accepts, compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of collective investment funds.

## ITEM 6

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

***We Charge Performance Fees.*** We have entered into incentive fee and allocation arrangements with qualified clients in compliance with Section 205(a)(1) of the Investment Advisors Act of 1940 and the exemptions available thereunder (including Rule 205-3).

***We Have Different Fee Arrangements with Different Clients.*** We provide investment management services to managed accounts and other investment partnerships or funds, each of which may have similar, overlapping, isolated, or differing (or even opposing) investment objectives. In addition, the compensation terms offered by such other accounts, partnerships or funds may be more lucrative to us, which may give rise to additional conflicts of interest. In the event that a conflict of interest arises, we seek to resolve such conflict in a fair and equitable manner.

## **ITEM 7**

### **TYPES OF CLIENTS**

We generally provide investment advice to alternative investment funds (*i.e.*, pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940) and, on a case by case basis, may offer customized managed accounts for institutions and benefit plans. Any particular pooled investment vehicle client will have its own eligibility and qualification criteria (*e.g.*, requirements that investors represent that they are “qualified purchasers” under the Investment Company Act of 1940, non-“US Persons” under Regulation S, and/or “accredited investors” under the Securities Act of 1933) and minimum investment requirements. The requirements for any managed account would be negotiated on a case-by-case basis.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies.

We apply two broad categories of investing: systematic and fundamental.

In deploying the systematic research and investment process, our personnel perform proprietary research, combining economic theory and statistical methods in an effort to identify financially profitable opportunities. Ideas are generally developed and evaluated based on factors such as economic intuition, support from empirical evidence, market conditions (such as the liquidity of tradable instruments), and leverage requirements. Once a strategy has been developed and evaluated, it is translated into a portfolio of securities and investments based on a number of criteria, which could include expected returns, various risk measures such as asset volatility and correlations, expected transaction costs, leverage requirements and exposure to specific sectors, industries and indices, as well as to the overall market.

In applying our overall approach, we invest our clients' capital in a variety of investment strategies. While the main approach to investing by the firm is a systematic, statistically driven one, we also, to a lesser extent, employ certain strategies for some clients where economic intuition and investing experience are the main drivers of the strategies.

We currently pursue several different kinds of strategies:

- (i) “*alpha*” strategies, which seek to deliver returns from active and evolving management by our personnel and which at present can be grouped into the following seven broad categories: (1) global equity markets; (2) global fixed income; (3) global currencies; (4) commodities; (5) volatility; (6) opportunistic; (7) cross asset class and (8) carbon credits and offsets;
- (ii) “*exotic beta*” strategies that seek exposure to alternative risk premia (which we term “Exotic Betas”) that are generally uncorrelated with global equities over a market cycle;
- (iii) “trend” strategies that seek to detect and profit from market trends;
- (iv) “equity” strategies that seek to detect and profit from price movements of single name or indexes of global equity securities; and
- (v) “special opportunities” strategies which include investing in securities of companies involved in mergers, public offerings or other catalytic events and securities of special purposes acquisition companies, including private investments in public equities (“PIPES”).

It should be pointed out that not all of these strategy categories will be necessarily employed at the same time, that there is an overlap of markets, instruments, themes, and other attributes among strategies, that each strategy group employs a number of distinct and different sub-strategies, and

that the Investment Manager may modify, supplement, discontinue, or substitute strategies and sub-strategies from time to time without notice. In addition, the Investment Manager may at any time employ active or passive hedges (which can have short or long term durations) for a number of reasons, including, without limitation, a desire to reduce or offset the adverse effect of certain market events on financial performance or of the correlation of returns with those of a given asset class or the financial market as a whole (*i.e.*, "beta"). Hedges can be specific to one or more positions or strategies, or to the client's portfolio as a whole. In addition, client portfolios may invest their excess funds in money market instruments, commercial paper, certificates of deposit, U.S. and non-US government obligations, and bankers' acceptances, among other instruments. Any income earned from such investments is reinvested in accordance with clients' investment programs.

In deploying the fundamental strategies, which include investing in securities of special purpose acquisition companies and investing in carbon transition strategies (e.g., equities, indexes, futures, carbon allowances and carbon offsets), we rely on fundamental analysis and depth of investment team experience, while also employing "quantamental" approach, *i.e.*, where appropriate, combining quantitative investment techniques and fundamental analysis and economic intuition.

All investments made or recommended by us for clients involve the risk of the loss of capital. Our clients' accounts generally will utilize investment techniques such as margin transactions, short sales, option transactions and forward and futures contracts, which practices can, in certain circumstances, maximize the adverse impact to which our clients' accounts may be subject.

#### **B. Material, Significant, or Unusual Risks Relating to Investment Strategies.**

**Below is a representative, but not exhaustive, list of certain risks associated with the firm's investment strategies.**

***Trading Judgment.*** The success of our trading strategies is subject to the judgment and skills of our research and trading personnel. Additionally, our trading abilities with regard to execution and discipline are important to the returns of our clients' accounts. There can be no assurance that our investment decisions or actions will be correct. Incorrect decisions or poor judgment may result in substantial losses.

#### ***Quantitative Model Risk and Risk Management Danger***

There can be no assurance that the models used by us will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on a client's performance. There can be no assurance that the accounts managed for clients will achieve their investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering such investment objectives.

In addition, given that the systems can execute trades autonomously, undesired results may only be detected after the fact, perhaps after a significant number of transactions have occurred.

Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information

may be subject to misinterpretation. In the complex environment in which we operate, effective risk management depends upon many factors, not all of which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement. For the sake of clarity and without limitation, though losses arising from quantitative model risks could adversely affect clients' performance, such losses would likely not constitute reimbursable trade errors under our policies.

At times we may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention and/or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting valuations will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities.

### ***Crowding/Convergence***

There is significant competition among systematic and quantitatively-focused managers, and our ability to deliver returns that are positive and have a low correlation with the broader global markets and other hedge funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. In addition, to the extent that our models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect clients is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous trading across a number of funds in the marketplace. For the sake of clarity and without limitation, though losses arising from crowding/convergence risks could adversely affect a client's performance, such losses would not constitute reimbursable trade errors under our policies.

### ***Obsolescence Risk***

A client is unlikely to be successful unless the assumptions underlying the models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and the Investment Manager does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result. The Investment Manager will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models or strategies will not be subject to any requirement that clients receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on the client's performance. For the sake of clarity and without limitation, though losses arising from obsolescence risks could adversely affect a client's performance, such losses would not constitute reimbursable trade errors under our policies.

### ***Risk of Programming and Modeling Errors***

The research and modeling process engaged in by the Investment Manager is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although the Investment Manager seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error. For the sake of clarity and without limitation, though losses arising from programming and modeling errors could adversely affect a client's performance, such losses would likely not constitute reimbursable trade errors under our policies.

### ***Data Feed Failure***

The Investment Manager's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised, or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave a client unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose a client to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss to a client, which could be material. For the sake of clarity and without limitation, though data feed failures could adversely affect a client's performance, such losses would likely not constitute reimbursable trade errors under our policies.

### ***Evaluation of Trade Errors, Process Exceptions and Hardware Failures***

In the course of carrying out trading and investing responsibilities on behalf of a client, personnel of the Investment Manager may make or cause "trade errors," or "process exceptions" or may oversee processes that experience "hardware failures." The treatment of such errors will depend on the investment management agreement with each client. However, with respect to most current clients, losses attributable to trade errors, process exceptions, or hardware failures will be for the account of the client, unless they are the result of conduct by the Investment Manager which is inconsistent with the standard of care set forth such agreements.

Whether a trade error, process exception, or hardware is a violation of the applicable standard of care (which ultimately determines whether a client or the Investment Manager will either benefit or be responsible for any resulting losses) is determined by the Investment Manager, in its sole discretion, based on superior knowledge of a client's trading strategy and business operations and the process exception, mistake or error at issue. A conflict of interest is inherently present during such decision by the Investment Manager because a trade error will be booked for the account of the Investment Manager if the Investment Manager decides that such trade error is a result of conduct inconsistent with such standard of care. When addressing trade errors, the Investment Manager is required to act in a manner consistent with its fiduciary duties to the clients.

The Investment Manager will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, the Investment Manager will use reasonable efforts to recover any losses associated with such error from the counterparty. Generally, we will treat all trade errors (including those which result in losses and those which result in gains) as for the account of a client, unless they are the result of conduct by the Investment Manager which is inconsistent with the standard of care set forth in a client's investment management agreement. As a result of these provisions, a client (and not the Investment Manager) will benefit from any gains resulting from trade errors and other errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and other errors, absent a violation of such standard of care. Similarly, "process exceptions" in the coding and integration process will be reviewed to determine if they reflect a violation of such standard of care.

Given the potentially large volume of transactions executed by the Investment Manager on behalf of clients, clients should assume that trade errors and other errors will occur and that, to the extent permitted by applicable law and under the applicable investment management agreement, a client will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Investment Manager's personnel.

#### ***Use of Models, Software and Systems***

It is anticipated that the Investment Manager's investment teams will develop numerous quantitative models and software for use by one or more investment teams for the benefit of any of the accounts for which the investment teams manage assets. Similarly, trading and other systems (e.g., order management) developed by employees of the Investment Manager may be used by any of the Investment Manager's investment teams, including investment teams that do not manage the assets of a particular client. The determination of how models and systems will be allocated among clients will be made on a fair and equitable basis, to the extent practical and in accordance with, among other factors, clients' applicable investment strategies, over a period of time.

From time to time, the Investment Manager may license the software developed by the Investment Manager or its personnel to third parties or use such software for proprietary trading purposes, which may increase competition by limiting the investment opportunities available to the clients. Additionally, third parties with license to utilize an investment team's proprietary models and software may develop implementation methods for such models and software that provide a competitive advantage over such investment team, thereby reducing and/or eliminating the effectiveness of such model or software with respect to the clients.

***Possible Volatility of Returns.*** Our investment programs seek to identify and manage risks, but not to avoid risk entirely. Therefore, client returns will reflect a volatility commensurate with the risk posture then adopted by us. Prospective investors and clients should recognize and understand that such volatility can be greater at times than may be realized by alternate investments, and there is no assurance that such returns will be positive for a given period of time. In addition, measures of past volatility may not be accurate predictors of future variances in performance.

***Involuntary Disclosure Risk.*** As described above, our ability to achieve our clients' investment goals is dependent in large part on our ability to develop and protect our models and proprietary

research. We protect our intellectual property through policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. Aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer our intellectual property, and thereby impair our clients' relative or absolute performance. In particular, recent regulatory changes and proposals in the United States and elsewhere requiring position level detail and other information that was not previously subject to general disclosure obligations (e.g., the Form PF and the investigative powers granted to the new Financial Stability Oversight Council) heighten the risk of a public disclosure of our or our clients' confidential or proprietary information.

***Proprietary Trading Methods.*** Because the trading methods we employ on behalf of our clients are proprietary to us, a client will not be able to determine any details of such methods or whether they are being followed.

***No Fixed Diversification Policies; Certain Correlation Risks.*** Although diversification is considered by the firm as part of our overall portfolio risk management process, our clients may not be fully diversified at all times. For example, we are not restricted as to the percentage of our clients' assets that may be invested in any particular issuer, industry, instrument, market or strategy. We generally do not maintain any fixed limits, guidelines or requirements for diversifying a client account among strategies, issuers, industries, instruments, markets or sectors. In attempting to maximize returns, we may concentrate the holdings of a client account in those issuers, industries, instruments, markets or sectors that, in our sole judgment, provide the best profit opportunities consistent with the client's investment objective. Such concentration of risk could ultimately result in more significant losses to the client than would be the case if its capital had been spread over a wide number of positions. It is also possible that a client account could become significantly concentrated in one strategy, and the investments in such strategy may be more illiquid than the investments in other available strategies.

In addition, it is possible that multiple portfolios may exhibit correlations that result in the portfolio as a whole having a greater concentration in or exposure to a given asset, asset class, or risk scenario than would be expected from a strategy-by-strategy review. While we seek to identify and manage such aggregated risks, there is no guarantee that we will be effective in such identification or management, which could result in, among other consequences, losses or greater volatility in client portfolios.

***Financing Arrangements; Availability of Credit.*** The use of leverage is integral to many of our strategies, and performance depends on the availability of credit in order to finance a client portfolio. We have the power to borrow funds on behalf of our clients' accounts and may do so when we deem appropriate, including, without limitation, to enhance client returns and meet client redemptions that would otherwise result in the premature liquidation of investments. We may cause our clients to borrow funds from brokers, banks and other lenders to finance their trading operations. Such leverage, which may be substantial, may also be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. There are no limitations on our ability

to borrow for the account of or to leverage our clients' accounts. The use of leverage can, in certain circumstances, increase the losses to which our clients may be subject.

Furthermore, counterparties that provide financing to our clients' accounts can often apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and counterparties in any of the foregoing, or the imposition of other credit limitations or restrictions, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. There can be no assurance that we, for our clients' accounts, will be able to secure or maintain adequate financing.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provides substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to our clients.

***Dependence upon Key Individuals.*** Investors have no authority to make decisions or to exercise investment or business discretion on behalf of any collective investment vehicle clients. The authority for all such decisions is delegated to us. We, in turn, are dependent on the services of certain of our key personnel, and the loss of the services of one or more of these professionals could impair our ability to provide services to our clients, and be material and adverse to our clients (particularly to our collective investment vehicle clients).

In some cases, if certain of our principals cease to be involved in the ongoing operation of the firm for any reason, our clients may be exposed to the risk of termination of critical agreements containing "key man" clauses.

***Client Expenses.*** Our clients' accounts will incur substantial costs in addition to incentive and management fees. These expenses may be higher than those incurred by other businesses or by other hedge fund managers. In addition, certain of the strategies we employ require frequent trading, increased portfolio turnover, brokerage commissions and other transaction fees and expenses.

***Systems Risks.*** Our clients depend on us to develop and implement appropriate systems for our trading and investing activities. We rely extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor portfolio positions and net capital, and to generate risk management and other reports that are critical to oversight of trading activities. Certain operations will be dependent upon systems operated by third parties and we may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain limitations, including, but not limited to, those caused by incorrect code, computer "worms," viruses and power failures.

The failure of one or more systems or the inability of such systems to satisfy our and our client's needs could have a material adverse effect on our clients' accounts.

**Cybersecurity Risk.** As part of our business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the clients and personally identifiable information of the investors. Similarly, service providers of the Investment Manager or the clients, especially the Administrator, may process, store and transmit such information. The Investment Manager has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of the Investment Manager's information systems may cause client information to be lost or improperly accessed, used or disclosed.

**Turnover.** In view of the fact that our trading programs requires the taking of frequent trading positions, as well as the use of leverage, short-term market considerations will frequently be involved. It is anticipated that the turnover rate of our clients' portfolios may be higher than the turnover rates of other types of investment vehicles, potentially involving substantial transaction costs, brokerage commissions and fees.

**Correlation Risk.** Many of the risks to which our clients might be exposed as a result of our management of their accounts, including but not limited to those discussed in this brochure, may be correlated. For example, in the recent crisis in the global markets, the poor performance of hedge funds and other investment vehicles led to increased difficulties in obtaining and maintaining financing, increased illiquidity, and increased valuation uncertainty, among other risks. To the extent various risks are correlated, losses could be accelerated or exacerbated.

**Risks of Counterparty Defaults and Other Adverse Events or Actions.** The financial institutions and counterparties, including, without limitation, banks and brokerage firms, with which we cause our clients' accounts to trade or invest, may encounter financial difficulties and default on their obligations to our clients. Any such default could result in material losses to our clients. Such losses could result not only from an inability to recover assets on deposit with such counterparties, but also from a delay in establishing trading accounts with other counterparties, despite having ongoing exposure to open positions. Capital deposited at certain non-U.S. broker-dealers may not be subject to client money protection rules, and our clients would then face the possibility of being an unsecured creditor in the event of a broker-dealer insolvency.

In addition to the risk of a counterparty default, there is also the risk that the counterparties we select for our clients may be required to restrict the amount of credit granted to our clients due to their own financial difficulties, which could result in a forced liquidation of substantial portions of a client account.

### **C. Risks Associated With Particular Types of Securities.**

We trade a wide variety of instruments for our clients' accounts and, in general, do not enter into management agreements that materially restrict the universe of securities and other trading instruments that we may employ. At present, instruments heavily employed by us include, but are not limited to, exchange-traded futures and derivatives (including variance swaps, interest rate swaps, and currency forwards), each of which has certain inherent risks.

***Futures.*** The low margin deposits normally required in futures contract trading (typically between 2% and 20% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Like other leveraged investments, investments in any futures trade may result in losses in excess of the amount invested. Futures and related options may be illiquid because they can generally only be traded while the exchange in question is open and certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Thus, once the market has moved to the "daily limit," it becomes extremely expensive, as well as difficult if not impossible, to close out positions against which the market is moving. This could prevent our clients from liquidating unfavorable positions promptly and subject them to substantial losses. The governing bodies of the various futures exchanges also may intervene so as to limit trading or require the liquidation of certain positions, resulting in major losses for affected market participants. Futures trading, unlike forward trading (as discussed below), is typically highly regulated, and such regulation could adversely affect our clients in certain circumstances.

***Derivatives.*** Our clients' accounts use derivative financial instruments, including, without limitation, warrants, options, swaps, notional principal contracts, contracts for difference, forward contracts, futures contracts and options thereon, and uses derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including, without limitation, the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance, as well as of material and prolonged deviations between the theoretical and realizable value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). These anticipated risks (and other risks that may not be anticipated) may make it difficult, as well as costly to our clients, to close out positions in order either to realize gains or to limit losses.

Many of the derivatives traded by us for our clients' accounts are likely to be principal-to-principal or "over-the-counter" contracts between the client and third parties entered into privately, rather than on an exchange. If so, our clients will not be afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. Many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price

which the same dealers would be willing to pay for such derivative should a counterparty wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the value of a client's account and may materially adversely affect our clients in situations in which they are required to sell derivative instruments.

Our use of derivatives and other techniques (such as short sales) for hedging purposes in our clients' accounts involves certain additional risks, including, without limitation: (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a client account's assets segregated to secure its obligations under derivatives contracts.

**Forward Contracts.** We may, for our clients' accounts, trade forward contracts and options thereon and, unlike futures contracts, forward contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by us for client accounts due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of our clients. Market illiquidity or disruption could result in major losses to our clients.

**ETFs.** The public trading price of shares in an ETF may be different from the net asset value of such shares (*i.e.*, ETF shares may trade at a premium over, or a discount to, the net asset values of such shares) and similarly, the public trading market price per ETF share may be different from the net asset value per ETF share. ETF arbitrage strategies are designed to profit from such deviations. The exploitation of such arbitrage opportunities should tend to cause the public trading price to track net asset value per share closely over time, thus limiting the opportunities for arbitrage.

ETF shares are listed for trading on exchanges. Trading in such shares may be halted due to market conditions or, in light of exchange rules and procedures, for reasons that, in the view of the relevant exchange, make trading in the ETF shares inadvisable. In addition, trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules that require trading to be halted for a specific period based on a specified market decline. There can be no assurance that the requirements necessary to maintain the listing of any ETF's shares will continue to be met or will remain unchanged.

Although it is anticipated that the ETF shares will be listed and traded on exchanges, there can be no guarantee that an active trading market for such shares will develop or be maintained. If the client needs to sell ETF shares at a time when no active market for them exists, the price the client

receives for such shares, assuming that the client is able to sell them, likely will be lower than that it would receive if an active market did exist. In addition, certain ETFs arbitrage strategies require the client to be able to redeem or create ETF shares. If the client is unable to do so, the strategy could be rendered unprofitable.

In addition to the Management Fee and Incentive Fees paid and the other expenses of the client, the investment managers of the ETFs in which the client invests may be paid a management fee to which a client, as an investor, is indirectly subject. The ETFs in which the client invests also bear their own brokerage commissions and other expenses, and as an investor, the client will indirectly bear a portion of those expenses. Similarly, the ETFs in which the client may invest may pay fees to a trustee, and may also pay licensing and other fees. The fees and expenses involved in the client's operation, including, without limitation, the layering of fees at the level of the client's investment in ETFs, could result in a high cost of investment.

**ETNs.** The client may invest in ETNs, which are debt securities whose returns are linked to a particular index. ETNs are typically linked to the performance of a commodities index that reflects the potential return on unleveraged investments in futures contracts of physical commodities, plus a specified rate of interest that could be earned on cash collateral. ETNs are subject to credit risk. The value of an ETN may vary and may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying commodities markets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the referenced commodity. ETNs are also subject to the risk of being illiquid. When the client invests in ETNs it will bear its proportionate share of any fees and expenses borne by the ETN. There may be restrictions on the client's right to redeem its investment in an ETN, which is meant to be held until maturity. The client's decision to sell its ETN holdings may be limited by the unavailability of a secondary market.

**ADRs.** ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of underlying Securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Holders of unsponsored ADRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited Security or to pass through voting rights to the holders of depository receipts in respect of the deposited Securities. Investments in ADRs pose, to the extent not hedged, currency exchange risks (including, without limitation, blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

**Counterparty Risks in the OTC Market.** As referenced above, many of the markets in which we

may effect transactions for our clients' accounts are not "exchange-based," including, without limitation, "over-the-counter" and "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets that are available in exchange traded transactions (including, without limitation, clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries) exposes our clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing our client to suffer a loss. Further, dealers have no obligation to make markets in non-exchange traded investment assets and our clients' accounts may hold non-exchange traded assets for which there is no market. If there is a default by the counterparty to such a non-exchange traded transaction, our clients will, under most normal circumstances, have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays, costs, or losses.

**Options.** A client may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (*i.e.*, the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (*i.e.*, selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Volatility is a principal component of options pricing. If the volatility in the market for the asset underlying the options held or sold by a client changes materially, such client could incur substantial losses even if the options in question would have generated substantial profits if the current price levels had been in effect at expiration.

**Special Purpose Acquisition Companies.** Units of a special purpose acquisition company (a "SPAC") (generally composed of equity, warrants and share rights) can be acquired in an initial public offering or in the secondary market. A SPAC is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, some SPACs are less liquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception).

**PIPE Transactions.** PIPE transactions will generally result in clients acquiring either restricted stock or an instrument convertible into restricted stock, which securities will be restricted for a period of time following issuance. As with investments in other types of restricted securities, such an investment may be illiquid until registered under the Securities Act and the client's ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration, which typically occurs 30 to 90 days following issuance. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. Further, even if a client is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the client may not be able to sell all the securities on short notice if there is not an active market for such stock, and the sale of the securities could lower

the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the PIPE investments.

**Restricted Securities.** Restricted securities, including those issued in connection with a PIPE, cannot be sold to the public for a period of time until they are registered under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the investor. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses. Equity securities acquired in connection with PIPE transactions will generally be restricted until subsequently registered for resale under the Securities Act.

**Carbon Allowances.** Carbon allowances are generally issued by state actors under emissions cap-and-trade regulatory programs. Each carbon "allowance", or an emission permit, allows its holder to emit roughly one ton (1,000 kg) of pollutant, such as carbon dioxide. In a cap-and-trade mechanism, the supply of greenhouse gas allowances is purposefully limited, and the allowances can be purchased, sold or traded. The value of carbon allowances is derived from the restriction on the number of such allowances issued by a state, region or country. While issuers of carbon allowances seek to establish declining limits on sources of greenhouse gases by creating fewer allowances over time and increasing the annual auction reserve (or floor) price, cap-and-trade programs can, and often do, oversupply the market, frustrating the goals of such programs and reducing the value of their allowances. Other risks to carbon allowances include the possibility of decreasing scientific or political support for emissions restriction programs. Advancements in alternative energy and green technologies can also decrease the need for cap-and-trade programs, resulting in loss of value for such investments.

**Carbon Offsets.** Carbon offsets are generally issued by non-profit registries that control the protocols that govern how parties receive credit for carbon dioxide or other greenhouse gas emissions reductions (marked against permissible emissions volume) in the form of a carbon offset. Each carbon offset is issued as a credit for a reduction of approximately one ton of carbon dioxide equivalent emissions. Four registries (American Carbon Registry, Climate Action Reserve, Gold Standard, and Verra) issued a substantial proportion of outstanding credits arising from approximately 150 protocols. These protocols incentivize the creation of carbon offset credits in numerous sectors including forestry, renewables, waste management, industrial manufacturing, chemical processes and carbon capture and storage.

The value of carbon offsets is derived from their ability to be purchased by, or transferred to, a party that emits carbon dioxide or another form of greenhouse gas (whether such emitter is a corporation, household or individual). For example, a corporation that wishes to compensate for one ton of its carbon dioxide emissions may choose to purchase, then retire, a carbon offset credit, thereby excluding its use by any other source. Such retirement allows such corporation's emissions toll to be offset to zero (one ton of emissions minus one ton of carbon offset credit, which represents a reduction of one ton of emissions). The unprecedented rise in corporate climate targets

is the primary driver for increased demand of carbon offsets observed in the late 2010's and early 2020's.

Risks to carbon offset demand relate to corporate climate targets if these targets were to lessen in their ambition, decrease in their number, or rely less on the current carbon offset system. Other risks to carbon offsets generally relate to the notion of quality, which assess the likelihood that a specific credit's claim to reduce one ton of carbon dioxide emissions is true. Current carbon offsets have a range of perceived quality, with some being viewed as high quality (i.e., reducing more than one ton of emissions per credit issued) and others being viewed as low quality (e.g., reducing less than one ton of emissions per credit issued).

**ITEM 9**  
**DISCIPLINARY INFORMATION**

We have no disclosures to make under Item 9.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Broker-Dealer Registration Status.**

We have no disclosures to make under Item 10.A.

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.**

Kepos Capital LP is registered with the CFTC as a Commodities Pool Operator (CPO) and is a member of the National Futures Association (“NFA”).

**C. Material Relationships or Arrangements with Industry Participants.**

We have no disclosures to make under Item 10.C.

**D. Material Conflicts of Interest Relating to Other Investment Advisers.**

We have no disclosures to make under Item 10.D.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS  
AND PERSONAL TRADING**

**A. Code of Ethics.**

Our Code of Ethics provides specific policies and guidance on ethical and fiduciary matters for our personnel, some of which are summarized or highlighted below:

- *Gifts.* Firm personnel may not give or offer or receive any gift of more than *de minimis* value (currently \$100 over a calendar year) to existing investors, prospective investors, or any entity that does or seeks to do business with or on behalf of the firm without the prior written approval of our Compliance Officer.
- *Entertainment.* We prohibit firm personnel from providing or receiving extravagant or inappropriate entertainment. In addition, we (or our personnel) are required to pay for or reimburse an allocable share of any business-related entertainment (*e.g.*, tickets for sporting events and business dinners) provided to firm personnel, subject to a number of exceptions (including a \$350 *de minimis* exception, group events and situation-specific waivers by the Compliance Officer).
- *Personal Trading.* We require disclosure of all accounts that hold “covered securities,” quarterly transaction reports, and compliance pre-approvals to trade any covered securities (other than mutual funds, ETFs, municipal or other state and local bonds, options on permitted securities and dividend reinvestment programs). Generally, we prohibit personal account trading in single name debt or equity securities.
- *Insider Trading and Market Manipulation.* We strictly prohibit trading on material non-public information or engaging in market manipulation and conduct periodic training on these topics.
- *Conflicts Disclosure.* We require disclosure of conflicts by firm personnel for themselves and for their spouses and dependents.

All firm personnel must acknowledge the terms of our Code of Ethics annually. In addition, all firm personnel receive training on the Code annually.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

**B. Securities That You or a Related Person Has a Material Financial Interest.**

We have no disclosures to make under Item 11.B.

**C. Investing in Securities That You or a Related Person Recommends to Clients.**

Other than a prohibition on trading securities on our restricted list, we do not have a blanket prohibition on what instruments may be traded. However, we generally prohibit personal account trading in single name debt or equity securities. Additionally, we require pre-clearance of all transactions in covered securities (with certain exceptions, such as registered mutual funds, broad-

based ETFs and municipal securities). We also mandate a minimum 30-day holding period for any transactions in securities requiring pre-approval.

**D. Conflicts of Interest Created by Contemporaneous Trading.**

In general, we expect that our pre-approval process will operate to reduce the risk of contemporaneous trading. We also review personal trading records and would expect to identify situations where personal account trading resembles or mirrors client trading. Also, as described in C., above, we require pre-clearance of all transactions in covered securities (with certain exceptions) and mandate a minimum 30-day holding period for transactions in securities requiring pre-approval.

**E. General Conflicts Disclosure.**

***Certain Characteristics of the Client Management Agreements***

The Management Fee is payable without regard to the overall success or income earned by the client and therefore may create an incentive on the part of the Investment Manager to raise or otherwise increase assets under management to a higher level than would be ideal for optimally managing the portfolio. The Investment Manager's eligibility to receive the Incentive Fee may incentivize the Investment Manager to trade and invest the client's portfolio in a more speculative manner than it otherwise would.

***Conflicts From Use of a Master-Feeder Structure***

The use of a master-feeder structure may create a conflict of interest among different groups of investors, in that tax considerations applicable to investors in a particular feeder fund may result in such master fund structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one feeder fund than to another.

***Multiple Clients: Differing Investment Programs and Compensation Arrangements***

The Investment Manager and its affiliates provide discretionary investment management services to multiple clients, which may include managed accounts and other investment partnerships or funds and which may have security and investment universes and/or investment objectives that are substantially similar; the strategies employed by the Investment Manager in servicing any one client are not proprietary or exclusive to such client. The Investment Manager and its affiliates may give advice and recommend securities to other clients which may differ from advice given to, or securities recommended or bought for, other clients, even though their investment objectives may be the same or similar.

In addition, certain clients, managed accounts, and other investment partnerships advised by the Investment Manager may have different transparency, liquidity and/or fee and incentive compensation terms. For example (and without limitation): the fees charged to some clients may be higher or lower than those charged to other clients; the relative sizes of the incentive fees or allocations and management fees may differ (or a given client may only be assessed one of them) from the ratio charged to other clients; there may be different components to or restrictions on the fee calculation; high water marks may be calculated differently for some clients and/or may be in effect at different times for other clients; or the fees assessed a client at a given time may otherwise simply be more lucrative for the Investment Manager. Additionally, some clients may maintain

portfolios substantially similar to other clients but have greater transparency to the portfolio holdings and/or may have more frequent liquidity than is available to some clients. The Investment Manager seeks to address these potential conflicts by maintaining a systematic investing process (where appropriate), endeavoring to assign responsibilities among its personnel in a way that is intended to support each of its client portfolios and taking its fiduciary duty to the clients into consideration when entering into any client arrangement.

The Investment Manager and its partners, officers and employees will devote as much of their time to the activities of any one client as they deem necessary and appropriate. The Investment Manager and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships, investing their personal funds, or engaging in other business activities, even though such activities may substantially track, correlate to, mimic or compete with a particular client and/or may involve substantial time and resources of the Investment Manager. These activities could be viewed as creating a conflict of interest in that the time and effort of the partners of the Investment Manager and its officers and employees will not be devoted exclusively to the business of any one client but will be allocated between the business of such client and the management of the monies of other advisees of the Investment Manager and such other business activities. Further, by reason of these activities, the Investment Manager may not be able, or may determine not, to initiate a transaction for a client that the Investment Manager may have otherwise initiated.

If it is determined that it would be appropriate for a client and one or more other investment accounts managed by the Investment Manager or its affiliates to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends and the investment programs and portfolio positions of such client and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, the Investment Manager has the discretion to allocate completed transactions on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Investment Manager has the discretion to allocate securities among the different accounts on a basis which the Investment Manager or its affiliates consider equitable. In addition, the Investment Manager may cause a client and one or more other investment accounts managed by the Investment Manager to participate in certain investments in a different manner from the other, as a result of legal, tax or other considerations. For example, one investment account may participate in an investment opportunity through the purchase of an equity interest while another participates through the extension of credit.

### ***Cross Trades***

During periods in which the assets of a client are not treated as "plan assets" for purposes of ERISA, the Investment Manager may determine that it would be in the best interests of such client and one or more investment vehicles managed by the Investment Manager to transfer a security from one account to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the accounts, or to reduce transaction costs that may arise in an open market transaction. If the

Investment Manager decides to engage in a Cross Trade, the Investment Manager will determine that the trade is in the best interests of both of the accounts involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those accounts.

In the event that the Investment Manager executes a Cross Trade, it will generally use the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an "internal cross", where the Investment Manager instructs the custodian for the funds to book the transaction at the price determined in accordance with the Investment Manager's valuation policies and procedures. If the Investment Manager effects an internal cross, the Investment Manager will not receive any fee in connection with the completion of the transaction.

### ***Trading Errors; Process Exceptions***

In the course of carrying out trading and investing responsibilities on behalf of a client, personnel of the Investment Manager may make "trading errors"—*i.e.*, errors in executing specific trading instructions. In general, examples of trading errors include: (i) buying or selling a security or financial instrument at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular security or financial instrument (and *vice versa*). The Investment Manager will (unless it otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the client, unless they are the result of conduct by the firm or its personnel which is inconsistent with the standard of care set forth in the investment management agreement with the client.

Algorithmic, systematic and quantitative modeling and trading introduce additional opportunities for "process exceptions,"—*i.e.*, mistakes, errors, or unexpected results in or from the modeling, coding, integration, order generation, and risk management processes. Process exceptions can arise in a number of situations, such as typographical and other programming errors, data (including third party data) errors, interaction errors between different programs or systems, corrupted code or files, or unanticipated conditions or situations in the trading environment or the economic data. As with trading errors, the firm will (unless it otherwise determines) treat all process exceptions (including those which result in losses and those which result in gains) as for the account of a client, unless they are the result of conduct by the firm or its personnel which is inconsistent with the standard of care set forth in such client's investment management agreement.

### **SPACs and SPAC PIPE Transactions**

Certain clients may be subject to a number of actual and potential conflicts of interest that may arise due to the some clients investing in SPACs and SPAC PIPE transactions and certain other clients investing in SPAC sponsor equity investments, including founder's shares or private placement warrants issued by a SPAC, either directly or indirectly through equity interests in a related sponsor vehicle (collectively, "SPAC Sponsor Shares"). In particular, certain clients with a dedicated SPAC investment strategy may have exposure to SPAC Sponsor Shares corresponding to an underlying SPAC in which other clients may invest in accordance with such clients' investment program. As a result, such clients may have divergent interests with respect to the approval of a certain SPAC's proposed business combination or whether to elect to redeem its SPAC shares as part of that business combination. In particular, any SPAC Sponsor Shares held

by a certain clients may become worthless in the event a business combination does not occur. However, the Investment Manager and its affiliates are incentivized to see that the assets of the clients appreciate in value, and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of a client. Additionally, the Investment Manager's implemented policies and procedures are designed to mitigate such actual or potential conflict.

A conflict may also arise where certain clients receives access to, or an invitation to participate in, SPAC Sponsor Shares by virtue of other clients' investments in SPACs generally. In such instance, partners, affiliates and/or employees of the Investment Manager will participate in such other client's investment in the Sponsor Shares, either directly through their investment in such other client or indirectly through their investment in such other client's general partner. In the event that a conflict arises, the Investment Manager and its affiliates will seek to manage potential conflicts of interest in good faith and in a manner that is consistent with its fiduciary duties to all their clients.

#### ***Other Situations***

From time to time, certain investors in a client fund may acquire interests on more favorable business terms than other investors in such client fund.

Other present and future activities of the firm and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the firm will attempt to resolve such conflict in a fair and equitable manner.

## ITEM 12 BROKERAGE PRACTICES

### A. **Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

The Investment Manager maintains numerous brokerage and custody arrangements with banks and other established financial institutions.

Transactions for clients are allocated to brokers for execution taking into consideration factors such as price, transaction costs, a broker's ability to effect the transactions, its facilities, reliability and financial responsibility, exchange and clearinghouse memberships and levels of access and connectivity thereto, commitment of capital, access to and provision of market and statistical data, research reports and company coverage, quality of research, effectiveness of sales coverage and the provision or payment by the broker of the costs of research, research-related services and execution and connectivity charges that are of benefit to the clients, as well as other factors that are deemed appropriate to consider under the circumstances. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) paid by the clients to brokers in the foregoing circumstances may be higher than those paid to other brokers who may not offer such services.

Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction; marketing assistance; consulting services with respect to technology, operations, equipment and office space; or other services or items.

#### 1. ***Research and Other Soft Dollar Benefits.***

We do not utilize so-called "soft dollars" (*i.e.*, commission dollars and transaction fees generated through agency and certain riskless principal transactions) to pay for our research-related expenses. However, (i) we do cause or allow our clients to take advantage of certain services offered directly to them by brokers and dealers (*e.g.*, exchange connectivity and certain execution applications), which we will review under an overall "best execution" analysis and (ii) we do receive periodic client updates, "market color" reports, research reports, seminar invitations, and similar services from service providers (including brokers, prime brokers, counterparties, law firms, and auditors) by virtue of being a client or prospective client of such providers (or by virtue of being an advisor to a client or prospective client of such providers).

#### 2. ***Brokerage for Client Referrals***

We do not direct brokerage activity to specific broker-dealers in exchange for client referrals. We do, however, utilize certain capital introduction services offered by a number of our prime brokers, pursuant to which we receive introductions to qualified prospective investors in our pooled investment vehicle clients. We will review the performance and costs of the brokerage services provided by these prime brokers as part of a broader "best execution" analysis.

### 3. *Directed Brokerage.*

Currently, we do not permit our clients, or the investors in pooled investment vehicle clients, to recommend, request or require us to execute transactions through a specified broker-dealer.

#### B. Order Aggregation.

We may, when appropriate, allocate investments among one or more client accounts. We have adopted policies and procedures intended to fairly manage the allocation of such investment opportunities, to the extent practicable and in accordance with each client's applicable investment strategies, over a period of time. Our policies and procedures are intended to ensure that no single client may be or will be favored over another in the allocation of trade orders and investment opportunities, based upon its identity or affiliation, account performance, fee structure, or similar attributes not related to investment factors.

The allocation methodology may be based on a "first-in first-out" basis, a "bunched" or "aggregated" basis, or any other method we deem appropriate; *provided* that the method is designed to achieve a fair and equitable allocation of investment opportunities among our clients over time. We may, in appropriate circumstances, simultaneously transmit orders for different trades for different client in the same instrument. We are under no obligation to use any particular allocation methodology.

#### C. Allocation Policy.

##### 1. *Investment Opportunities*

To the extent the Firm advises clients seeking to receive the same position and such position cannot be fully filled for such clients, the Firm will employ a fair and equitable allocation methodology to allocate the limited investment opportunity among such clients.

The proper method of allocating investment opportunities can be complex and requires careful evaluation and application. Limited investment opportunities will generally be allocated among the clients pursuing an identical or a substantially similar underlying investment strategy pro rata based on net asset value ("NAV"), NAV adjusted for exposure to a strategy or asset class of each such client or a similar objective methodology; provided, however, that the following factors, among others, may be considered with respect to each respective client in determining that an allocation is appropriate:

1. Each client's own investment guidelines;
2. Risk Management guidelines;
3. Relative historical participation of a Fund in the proposed investment and related exposure considerations;
4. Cash and liquidity needs of each client;
5. Ability to borrow and cost of borrowed funds;
6. Regulatory differences among the clients; (e.g. is a fund a "Qualified Institutional Buyer"?)
7. Legal restrictions, including those that arise in foreign jurisdictions;

8. Tax status differences among the clients (e.g. differences in tax treatment of offshore vs. domestic entities);
9. New clients with substantial amount of investable cash; and
10. To avoid odd-lots.

## ***2. Expense Allocation***

The expenses incurred by each client of the Firm will be allocated to such client in accordance with the client's operative documents (e.g., Limited Partnership Agreement and/or Investment Management Agreement).

To the extent that expenses are incurred on behalf of more than one client (e.g., data feeds benefitting two funds), expenses will be allocated to the clients based upon a fair and reasonable allocation methodology. Fair and reasonable allocation methodologies may include, but are not limited to, pro rata (based on client NAV), actual usage of product or service, or size of investment by each client. It may be appropriate to use different allocation methodologies for different expense items. Likewise, the Firm will periodically review its allocation methodologies and revise them where appropriate.

## **ITEM 13 REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Review of Client Accounts or Financial Plans.**

Our senior personnel, including our Chief Investment Officer and our individual portfolio managers and researchers, conduct periodic reviews of our clients' portfolios. In addition, a review of a client portfolio may be triggered by any activity or unusual circumstances.

While actual reporting frequency and level of detail varies by client and account, we generally provide investors with monthly, unaudited reports containing performance information and certain risk metrics and with annual audited financial statements within 120 days of the applicable collective investment vehicle client's fiscal year end.

### **B. Factors Prompting Review of Client Accounts Other than a Periodic Review.**

Item 13.B. is not applicable as we do not provide these services to clients.

### **C. Content and Frequency of Account Reports to Clients.**

We do not have any set schedule for account reporting to our clients that are pooled investment vehicles, other than arranging for audited financial statements to be provided on an annual basis. We do arrange for written monthly Net Asset Value statements to be provided to investors in our clients that are pooled investment vehicles by the administrator of those funds. Furthermore, we provide a range of periodic reports to investors in our client pooled investment vehicles, as specified in the offering documents of such vehicles.

To the extent we have clients that are not pooled investment vehicles, the reporting obligations would be specified in the relevant investment management agreement.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Economic Benefits for Providing Services to Clients.**

We have no disclosures to make under Item 14.A.

**B. Compensation to Non-Supervised Persons for Client Referrals.**

We have no disclosures to make under Item 14.B. However, clients and prospective clients are advised to review Item 12.A.2. (“Brokerage for Client Referrals”).

## **ITEM 15 CUSTODY**

All pooled investment vehicles managed by us are audited in accordance with U.S. GAAP by an independent public accounting firm that is registered with, and subject to regular inspections by, the Public Company Accounting Oversight Board (“PCAOB”). The unqualified audited financial statements are distributed to investors in the client pooled investment vehicles within 120 days of year-end. Client assets are held at “qualified custodians.” To the extent that we advise managed accounts, we do not hold custody of assets in such managed accounts.

## **ITEM 16**

### **INVESTMENT DISCRETION**

We accept discretionary authority to manage securities accounts on behalf of our clients. In general, we are granted this power through investment management agreements that grant us very broad authority to buy and sell securities for client accounts, including the ability to sell short and to enter into derivative and other transactions for our clients' accounts. In some cases we obtain additional resolutions, powers of attorney, or other authorizations from a client (including from the board of directors or general partner of a client) specifically granting us these powers.

We also generally have the ability to leverage and otherwise encumber the assets in such accounts, to transfer assets between a client's accounts, and to withdraw cash or securities from client accounts for a number of purposes, including to satisfy obligations to us or third parties in respect of management fees, incentive fees or allocations, for payments of expenses, or for expense reimbursement.

## ITEM 17

### VOTING CLIENT SECURITIES

#### **A. Policies and Procedures Relating to Voting Client Securities.**

Under our existing investment management agreements, we have been delegated all responsibilities with respect to proxy voting for our pooled investment vehicle clients; investors in these clients do not have any right to direct proxy voting. To the extent that we manage specific separate accounts, the allocation of responsibilities for the proxy voting function would be subject to the relevant investment management agreement (and therefore some or all of the disclosures in the remainder of this Item 17 could be inapplicable to those clients).

The firm has adopted a policy whereby the firm will vote any voting securities in the best interest of the client, as determined by the firm in its discretion, taking into consideration relevant factors, including but not limited to, the impact on the value of the securities, the anticipated costs and benefits associated with the proposal, the effect on liquidity, the investment strategy being pursued, and customary industry and business practices. The firm may decide to abstain from voting or affirmatively decide not to vote if the firm determines that such actions are in the best interest of the client. In making such determination, we will consider the factors above, as well as costs associated with exercising the proxy, any legal restrictions on trading resulting from exercise of the proxy and whether the client is still holding the security.

*Engagement of ProxyEdge.* In order to facilitate the proxy voting process, we have arranged for Broadridge Financial Solutions Inc.'s ProxyEdge ("ProxyEdge"), an independent proxy voting service, to provide our pooled investment vehicle clients with proxy analysis and voting recommendations, vote execution, and periodic reports indicating how individual votes have been cast; accordingly, we have adopted ProxyEdge's voting guidelines. However, we may, from time to time, determine that it is in the best interests of our clients to depart from ProxyEdge's voting recommendations, in which case we can override their voting guidelines and provide specific voting instructions.

*Conflicts.* We believe that it is unlikely that we will be faced with any direct or indirect conflicts of interest with respect to the voting of any particular proxy, in part because we have engaged ProxyEdge to handle all proxy votes and adopted their voting guidelines; however, the firm adopted policies to address any conflicts that may arise.

*Information.* Clients may obtain information from us on how we voted their proxies upon request and may obtain a copy of our proxy voting policy and procedures upon request.

#### **B. No Authority to Vote Client Securities and Client Receipt of Proxies.**

Item 17.B. currently does not apply to us.

## **ITEM 18**

### **FINANCIAL INFORMATION**

#### **A. Balance Sheet.**

Item 18.A. is inapplicable as we do not require or solicit prepayment of fees six months or more in advance.

#### **B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.**

We have no disclosures to make under Item 18.B.

#### **C. Bankruptcy Filings.**

We have no disclosures to make under Item 18.C.

**ITEM 19**  
**REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

We are not registered with any state securities authorities.