

## **Form ADV Part 2A: Firm Brochure**

### **LyonRoss Capital Management LLC**

March 26, 2024

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This brochure provides information about the qualifications and business practices of LyonRoss Capital Management LLC (“LyonRoss” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (212) 218-3950 or [info@lyonross.com](mailto:info@lyonross.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

The Adviser is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

LyonRoss filed an annual amendment on March 30, 2023. The Adviser's business activities have not changed materially since the time of that update in 2023. However, certain pertinent parts of this brochure were updated to reflect the addition of discretionary accounts to LyonRoss' advisory services, effective as of January 1, 2024.

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## Item 4: Advisory Business

LyonRoss Capital Management LLC, a Delaware limited liability company (“LyonRoss” or the “Adviser”), provides non-discretionary and discretionary investment advisory services to high net worth individuals, entities, funds and investment advisors (collectively, the “Clients”). LyonRoss was founded by Piers Playfair in January 2007. Piers Playfair, through LyonRoss Holdings LLC, is the managing member of the Adviser.

The non-discretionary advisory services generally involve recommending investments in separately managed accounts (the “Separate Accounts”) or funds (the “Portfolio Funds”) managed by other third-party managers (“Portfolio Managers”). The Clients may impose restrictions on investing in certain Portfolio Funds. LyonRoss is responsible for the selection and research of the Portfolio Managers that manage the Portfolio Funds and the Separate Accounts and making recommendations to the Clients. LyonRoss performs due diligence on investment strategies and Portfolio Managers pursuing such strategies, including but not limited to making inquiries into the following areas: (i) the suitability of terms and conditions of Portfolio Funds and, if any, Separate Accounts, (ii) the analysis of Portfolio Managers’ trading skills and risk management capabilities, (iii) the integrity of the investment professionals and (iv) review of operations and controls. In addition, LyonRoss monitors the investments made by the Client in response to its recommendations and provides advice relating to the holding or disposition of its Investments.

Discretionary advisory services offered by the Adviser are subject to the investment guidelines and limitations set forth in the investment management agreement. The discretionary advisory accounts may trade stocks, ETFs, options, and futures. Pursuant to the investment management agreement, the Adviser has discretion over the following:

- to make investment decisions;
- to buy on margin or otherwise, sell (including short sales), lend and borrow securities or other assets held in the Accounts, engage in repurchase and reverse repurchase transactions, swap transactions and transactions in forwards and currencies and otherwise trade in options, other derivatives and other instruments;
- to place orders with respect to, and to arrange for, any of the foregoing;
- to make investment representations; and
- to do anything which the Adviser shall deem requisite, appropriate or advisable in connection therewith, including, without limitation, the selection of such brokers, dealers and others as Adviser shall determine.

LyonRoss does not offer wrap fee accounts.

As of December 31, 2023, the gross assets under management of LyonRoss are approximately \$548.33 million all on a non-discretionary basis on behalf of its Clients. As of December 31, 2023, LyonRoss did not have any discretionary accounts.

## **Item 5: Fees and Compensation**

LyonRoss receives from its Clients either a monthly fixed consulting fee or a quarterly consulting fee, depending on the Client's agreement, ranging from 0.0875% to 0.25% of the fair market value or net asset value, as applicable, of the investments made by the Client that have been recommended by the Adviser or investments made by the Adviser on behalf of the client in the case of discretionary accounts (the "Investments"); the Adviser is also entitled to receive a performance fee, subject to certain conditions being met, in connection with the advisory services it provides to certain Client accounts. Performance fees, if any, are subject to the specified performance hurdles and schedules in their respective investment management agreements.

The Adviser will refund to a Client a pro rata portion of any management fee paid in advance if the Adviser ceases to render services other than as of the last day of the applicable fee period, based upon the number of days remaining in that period.

### **Other Expenses**

The fund managers or portfolio managers of the investments recommended by LyonRoss are expected to charge fees and expenses to their investors. The Clients may therefore indirectly bear fees charged by the underlying investments (including management, performance, administrative, brokerage, custodial, overhead, operational, spreads and markups; interest expense; custodial fees; other expenses related to securities transactions; administrative fees and legal, accounting and auditing expenses or other fees or a performance allocation).

Additional information regarding LyonRoss' brokerage practices is disclosed in Item 12: "Brokerage Practices".

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

As described above, LyonRoss will receive a performance fee from certain Clients. The performance fee may create an incentive for the Adviser to make more speculative and riskier investments recommendations to those Clients, and to allocate more time and effort on them.. The underlying funds in which the Clients invest may also have similar performance fee arrangements and similar conflicts, and an adviser of the underlying fund may be entitled to a performance-based fee even if the Investment's overall returns are negative.

LyonRoss recommends investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above, including generally allocating trades among Clients who accept the investment recommendations on a *pro rata* basis, and periodically reviewing allocations to ensure that they are fair, equitable and in compliance with LyonRoss' allocation policy and fiduciary duty.

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

LyonRoss provides non-discretionary and discretionary advisory services to Clients which include high net worth individuals and entities, funds and investment advisors.

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

### **A. Methods of Analysis**

#### Non-Discretionary Accounts

The Adviser recommends Portfolio Managers based on the criteria set out by the Client. The Adviser identifies, researches, evaluates, recommends and monitors the Portfolio Managers and their Portfolio Funds. Its fundamental research includes but is not limited to (i) the suitability of terms and conditions of Portfolio Funds and, if any, Separate Accounts, (ii) the analysis of Portfolio Managers' trading skills and risk management capabilities, (iii) the integrity of the investment professionals and (iv) review of operations and controls. The Adviser's selection of Portfolio Managers is influenced in part by the extent to which a Portfolio Manager's investment strategy has a demonstrable record of capital appreciation and high-quality risk management controls.

#### Discretionary Accounts

The Adviser researches and evaluates suitable investment instruments to achieve the account criteria set out by the Client. This includes but is not limited to (i) investment fit with the Adviser's asset allocation outlook, (ii) historical instrument performance, (iii) market liquidity, (iv) instrument expenses.

### **B. Investment Strategies**

#### Non-Discretionary Accounts

The investment recommendations and guidelines are set out by the Client and/or the Adviser. The investment recommendations employ various types of investment strategies which include, but are not limited to:

- Public and Private Equity
- Fixed Income and Credit
- Macro and Trading
- Special Situations

#### Discretionary Accounts

The Adviser employs various types of investment strategies, which include, but are not limited to:

- Long-term long market positions
- Portfolio hedging
- Opportunistic active trading

### **C. Risk of Loss**



**General Economic and Market Conditions:** The success of the Adviser's and, to the extent the Clients utilize Portfolio Managers, the Portfolio Managers' investments activities will be affected by general economic and market conditions, such as:

- Interest rates
- Availability of credit
- Credit defaults
- Inflation rates
- Economic uncertainty
- Changes in laws (including laws relating to taxation of investments)
- Currency exchange controls
- National and international political circumstances (including wars, terrorist acts or security operations)

These factors may affect the level and volatility of financial instruments' prices and the liquidity of the investments. Volatility or illiquidity could impair investment profitability or result in losses.

Certain Portfolio Managers invest outside of the U.S., and the economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as:

- Growth of gross domestic product
- Rate of inflation
- Currency depreciation
- Asset reinvestment
- Resource self-sufficiency, and
- Balance of payments position

**Investment and Trading Risk:** All investments made by the Clients and Portfolio Managers risk the loss of capital (i.e., invested amount). The Portfolio Managers utilize such investment techniques as margin transactions, short sales, option transactions, forward and futures contracts, and other derivatives trading, which in certain circumstances, will increase the risk of losses. No guarantee or representation is made that any Portfolio Manager's investment program will be successful, and investment results may vary substantially over time. The Adviser does not have any responsibility for, involvement with or control over the Portfolio Managers' investments or other activities.

Additional risks associated with investments include (among others):

- Limited Operating History of the Adviser and Portfolio Managers
- General Economic and Market Conditions
- Master-Feeder Fund Structure
- Systemic Risk
- Incentive Fee/Allocation
- No Market for Fund interests

- Right of Funds to Force Redemption
- Reliance on Management and Key Personnel
- Effect of Substantial Losses or Redemptions
- Multiple Portfolio Managers
- Retention and Motivation of Key Employees
- Limited Diversification
- In-Kind Distributions
- Absence of Regulatory Oversight
- Systems Risks, including risks associated with the implementation of quantitative models
- Operational Risk

Investment Risks, including:

- Leverage
- Concentration of Investments
- Short Sales
- Equity Risk
- Interest Rate Movements
- Investment in Small Companies
- Investment in Illiquid Securities
- Investment in Non-U.S. Securities
- Identity of Beneficial Ownership and Withholding on Certain Payments
- Swap and Counterparty Risks
- Fixed Income Securities
- High Yield Securities
- Pooled Investment Vehicles, Pass-through Entities and Separate Accounts
- Risks of Arbitrage Strategies
- Hedging Risk
- Basis Risk
- Prepayment Risk
- Options
- Futures and Related Options
- Forward Trading
- Currency Trading
- Inter-Bank Trading
- Institutional Risk
- Repurchase Agreements
- Credit Risk
- Position Limits
- Debt Securities Generally
- Global Macro
- Long-Term Focus
- Relative Value and Market Neutral
- Other Instruments and Future Developments

**Cybersecurity Risk:** LyonRoss and their service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches.

In addition, despite certain measures established by LyonRoss and third-party service providers to safeguard information in these systems, LyonRoss, Clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, liability under applicable law, regulatory intervention or reputational damage.

**Business, Terrorism and Catastrophe Risks:** Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic that could adversely affect the health or life expectancy of people. These catastrophic risks of loss can be substantial and could have a material adverse effect on the Adviser's business and Clients' portfolios including investments made by the Adviser.

## **Item 9: Disciplinary Information**

Neither LyonRoss nor its employees have been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of the company or its personnel.

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

LyonRoss is not registered as a broker-dealer and does not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

LyonRoss is not registered as and does not have any application to register as a futures commission merchant, commodity pool operator, commodity trading adviser or associated person of the foregoing entities.

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

The Adviser has adopted a Code of Ethics for all access persons describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons of the Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions of the Adviser will not violate insider trading laws. Under the Code of Ethics, certain securities have been designated as restricted, based upon a determination that a related person of the Adviser either has material nonpublic information about an issuer or has a relationship with insiders of the issuer that is highly likely to result in such supervised person obtaining material nonpublic information. In addition, the Code of Ethics requires pre-clearance of any purchase of interests in private placements and initial public offerings. Employee trading is monitored on a quarterly basis under the Code of Ethics to reasonably prevent insider trading.

The Code of Ethics requires all access persons to devote their full time and efforts to the Adviser's business. In addition, no supervised person may make use of either his or her position as an employee or information acquired during employment, or make personal investments in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interests and the interests of the Adviser or the Adviser's clients. In certain situations, an investment opportunity may be suitable for more than one Client. In making allocation decisions among Clients, the Adviser will take into account a number of factors including, but not limited to, investment objectives, leverage parameters, volatility objectives, rate of return objectives, tax position, liquidity requirements and whether an allocation to a particular Client will have a material impact on its overall portfolio. Application of these and other considerations may result in different allocation decisions depending on the particular facts and circumstances in existence at the time the allocations are made and may or may not result in a *pro rata* allocation of limited investment capacity among other Clients.

The Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting its CCO, Taline Festekjian, at [tfestekjian@lyonross.com](mailto:tfestekjian@lyonross.com).

## **Item 12: Brokerage Practices**

The Adviser actively monitors the performance of a short list of investment managers (“Managers”) and may recommend the services of such Managers to non-affiliated clients. Such recommendations are based on a comparative analysis of each Manager which focuses on (i) performance over a 10-year span if available, (ii) firm history of the Manager, (iii) institutional clients serviced by the Manager and (iv) portfolio diversification, concentration, turnover and volatility. The Managers typically provide discretionary portfolio management services to clients. The Managers do not charge commissions on transactions effected but rather receive compensation in the form of a management fee. The management fees charged by the Managers are consistent with industry standards for discretionary managed accounts. Neither the Adviser nor any of its affiliates or related person receives services, research, products or any other form of compensation from the Managers in exchange for recommendations.

### **Selection of Trading Counterparties**

Clients with discretionary accounts are encouraged to select their own broker through which the Adviser may direct trades on behalf of the Client. However, as the Adviser has discretionary trading authority over certain accounts, subject to investment management agreements, the Adviser has an obligation to seek the best price and execution of Client transactions when the Adviser is in a position to direct brokerage transactions. While not defined by statute or regulation, “best execution” generally means the execution of Client trades at the best net price considering all relevant circumstances. The Adviser will seek best execution with respect to all types of Client transactions, including equities, fixed income, options, futures, and any other types of transactions that may be made on behalf of Clients. The Adviser will consider the full range and quality of the broker's services in placing a trade with that broker, including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to the investment adviser. The determinative factor is not necessarily the lowest possible commission cost but whether the transaction represents the best qualitative execution for the managed account.

The Clients may retain one or more prime brokers and custodians. From time to time, LyonRoss may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to the Clients. LyonRoss may place portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if it determines that it is otherwise consistent with seeking best execution. In no event will LyonRoss select a broker-dealer as a means of remuneration for recommending it or any of the Clients or affording it with the opportunity to participate in capital introduction programs.

### **Soft Dollar Benefits**

The term “soft dollars” refers to a means of paying brokerage firms for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of the Clients. The Adviser does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and

dealers are supplemental to the Adviser's own research effort. To the best of the Adviser's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. The Adviser does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. In the event that the Adviser utilizes soft dollar arrangements, the Adviser will adopt a policy governing soft dollar use and will only use soft dollars to obtain products and services that fall within the safe harbor provided by Section 28(e) of the Exchange Act.

### **Trade Errors**

The Adviser has internal controls in place to prevent trade errors from occurring. On those occasions when such an error nonetheless occurs, the Adviser will use reasonable efforts to correct the error as soon as possible. The Adviser will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected.

In the event that the Adviser incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors are to be (i) corrected by the Adviser as soon as practicable, in a manner such that the Client incurs no loss and (ii) promptly reported to the CCO. Broker-dealers may not assume responsibility for trade error losses caused by the Adviser.

### **Allocation of Investment Opportunities**

In certain situations, an investment opportunity may be suitable for more than one Client. In making allocation decisions among Clients, the Adviser will take into account a number of factors including, but not limited to, investment objectives, leverage parameters, volatility objectives, rate of return objectives, tax position, liquidity requirements and whether an allocation to a particular Client will have a material impact on its overall portfolio. Application of these and other considerations may result in different allocation decisions depending on the particular facts and circumstances in existence at the time the allocations are made and may or may not result in a *pro rata* allocation of limited investment capacity among all Clients.



## **Item 13: Review of Accounts**

Client accounts are reviewed regularly by LyonRoss' Chief Investment Officer ("CIO"), portfolio managers and other investment personnel. Meetings with the Clients take place regularly to discuss any on-going concerns and new investment opportunities. In addition, LyonRoss provides a monthly performance update to all Clients.

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

The Adviser does not directly or indirectly compensate any person for investor referrals.

## **Item 15: Custody**

LyonRoss has no custody of client securities or funds.

## **Item 16: Investment Discretion**

For its discretionary accounts, LyonRoss has investment discretion over clients' accounts, including the amount and price of securities bought and sold, the preferred broker-dealer, and the commission rate. The discretionary authority granted to LyonRoss is evidenced in the investment advisory agreement that is executed by LyonRoss and the client at the inception of the advisory relationship. Clients can place reasonable restrictions on LyonRoss' investment discretion. For example, clients can request specific investment guidelines as part of their agreement as discussed in the Advisory Business section of this brochure.

## **Item 17: Voting Client Securities**

Notwithstanding LyonRoss' discretionary authority to make investment decisions on behalf of the client, LyonRoss does not intend to exercise proxy-voting authority over clients' securities. The obligation to vote client proxies shall at all times rest with the client. The client shall in no way be precluded from contacting LyonRoss for advice or information about a particular proxy vote. However, LyonRoss shall not be deemed to have proxy-voting authority solely as a result of providing such advice to the client.

LyonRoss maintains a proxy voting policy in the event such authority is delegated by a Client to LyonRoss and LyonRoss accepts this delegation.

## **Item 18: Financial Information**

This Item is not applicable.