

**ITEM 1**  
**COVER PAGE**

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

36 SOUTH CAPITAL ADVISORS LLP

**7 March 2024**

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*This brochure provides information about the qualifications and business practices of 36 South Capital Advisors LLP ("36 South" or "the Firm"). If you have any questions about the contents of this brochure, please contact us by telephone on +44 203 205 3000 or by email: [compliance@36south.com](mailto:compliance@36south.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 36 South is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

*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 Brochure is dated 7 March 2024. There have been two material changes since the last annual update:

- Richard Hollington has retired as a partner of 36 South. He still plays an active role in our business via our Investment Advisory Board, albeit no longer as a full-time staff member.
- Jamie Evans has replaced Catherine Pollock as a Director of 36 South Funds ICAV, and Tain Hsia has joined as an additional independent director of 36 South Funds ICAV.

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## **ITEM 4**

### **ADVISORY BUSINESS**

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

36 South Capital Advisors LLP (“the Firm”, “36 South”, “we”, “our”) is an investment manager headquartered in London, England. The Firm is authorized and regulated in the UK by the Financial Conduct Authority (FRN: 477881). It is a limited liability partnership, owned entirely by its partners.

The Firm was originally founded in New Zealand in January 2001, as 36 South Investment Managers. In April 2009, the Firm moved to London and began operating under the name 36 South Capital Advisors LLP.

Principal Owners:

- Richard (Jerry) Haworth 75%
- Michael Tasker 25%

#### 4.B. Types of Advisory Services

36 South provides discretionary investment management services to a number of pooled investment vehicles and funds of one (together, the “Funds”, and each a “Fund”). The Firm has been appointed as the investment manager, with full discretion to invest the assets of each Fund.

The Firm also provides discretionary investment management services to a separately managed account (“SMA”) for a US State pension.

The Firm specializes in the creation and management of asymmetrical portfolios with an emphasis on crisis protection. Broadly speaking, our Funds seek to generate convex returns by investing in long-dated, pan-asset class options. The Funds are designed to generate their greatest returns during market crises. The objective is to help our investors to protect their wider portfolios against periods of extreme and/or sustained market volatility.

The Firm conducts its advisory business from the UK and has no place of business in the US. It currently provides investment management to 36 South Funds ICAV (an Ireland domiciled umbrella fund which has a number of sub-funds with segregated liability, each of which is a Fund), and Kohinoor Core (Cayman) Master Fund (a Cayman domiciled master fund, with feeder funds domiciled in the Cayman Islands and Delaware, US).

The Delaware fund and SMA are our only US clients, although certain of the Irish and Cayman funds are available to US investors.

Throughout this document, the Funds and managed account will be collectively referred to as “Funds”.

As of January 2023, the Firm was appointed as a delegated investment adviser to two Luxembourg domiciled UCITS funds. As of January 2024, the Firm then became delegated investment manager to these funds. These funds are not available to US investors. We just list them for completeness.

#### 4.C. Tailoring of Services and Investment Restrictions

36 South manages the assets of each Fund in accordance with the strategy, objectives and restrictions set out in the Fund's governing and offering documents. Our management of any SMAs will be governed by an investment management agreement. The Firm's services are therefore tailored to the investment mandate of each Fund and each SMA client.

The Firm manages a number of funds of one. It has capacity to offer further customized funds, should there be a demand. Fund of one or SMA clients may suggest or stipulate certain investment restrictions. 36 South is happy to consider requests for customized mandates.

#### 4.D. Wrap Fee Programs

36 South neither participates in, nor is it a sponsor of, any wrap fee programs.

#### 4.E. Assets Under Management

As at 31 December 2023, the Firm had total regulatory assets under management of \$1,233,264,458 on a discretionary basis. This includes our US domiciled private fund, US SMA client, plus those of our non-US private funds which are available to US persons and/or beneficially owned by US persons. Please see the miscellaneous section for more detail.

We do not manage any assets on a non-discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

#### 5.A. Advisory Fees and Compensation

Shares in the Funds are not registered under the Securities Act of 1933 and the Funds are not registered as investment companies under the Investment Company Act of 1940. Hence the Funds are available for investment by accredited investors and qualified purchasers only.

Prospective investors may be provided with full information about fees and the Firm's compensation on request. Whilst each Fund has a fee schedule (as set out in its governing and offering documents), fees are negotiable. Consideration will be given, for example, to seed investors or large investors when considering the launch of a new fund.

The Firm ensures, however, that all clients are treated fairly. The opportunity to negotiate fees is available to all investors equally. No investor shall be given preferential liquidity or transparency terms.

#### 5.B. Payment of Fees

In accordance with the governing documents of the Funds, the Firm's advisory fees and fund expenses are deducted from client assets. Management fees are deducted monthly, and performance fees are deducted annually.

Fees paid to the Firm for its management of a managed account will be calculated and paid in accordance with the terms of the investment management agreement.

#### 5.C. Other Fees and Expenses

In addition to the payment of advisory fees, each Fund shall pay expenses reasonably attributable to its establishment and operation. This includes, but is not limited to, trading and execution costs, administrator fees, depository (custodian) fees, Directors' remuneration, legal expenses and out of pocket expenses incurred by the Directors or Managers in connection with the business of the Funds and regulatory fees, including Annex IV reporting, Form PF, Form D and CPO PQRs. Full details of fees and expenses are set out in the offering documents for each Fund, which are available on request. Full details of actual fees and expenses incurred are also included in the Funds' audited financial statements, which are circulated to all investors annually.

#### 5.D. Prepayment of Fees

Fund fees and expenses are generally paid in arrears, although some (e.g. Directors' fees and registered office costs) may be paid in advance.

#### 5.E. No Compensation for Sale of Securities or Other Investment Products

The Firm and its supervised persons do not receive any compensation for the purchase or sale of securities or other investment products.

### **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In accordance with the governing documents of each Fund, 36 South may receive a performance fee based upon the appreciation, if any, in the net assets of the relevant Fund. Full details are set out in the Fund offering documents.

All of the Funds have a broadly similar fee structure and the Firm does not consider there to be any material risk of favoring one client over any other client.

### **ITEM 7 TYPES OF CLIENTS**

36 South provides its advisory services to pooled investment vehicles and funds of one (together, the "Funds").

All of the Funds are private offerings. Shares in the Funds are not registered securities under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Therefore, the Funds are only available to investors which are both accredited investors under Regulation D of the Securities Act of 1933, and qualified purchasers under Section 2(a)(51) of the Investment Company Act.

Shareholders and limited partners in the Funds are typically asset managers, pension plans including ERISA plans, trusts, endowments, funds of funds and family offices.

It is possible for certain high net worth individuals to invest in our funds, provided that they meet the relevant threshold criteria and have the requisite investment experience. However, the Firm does not market its Funds to individual investors. The objective of our Funds (broadly speaking) is to help an investor protect their wider portfolio against market crises and periods of extreme market volatility, and the Funds are expected to experience a decline in mark-to-market value in stable market conditions and during periods of low volatility. In view of this, an investment with 36 South would not be suitable for individual retail investors, and would only be suitable for individuals with large investment portfolios, significant investment experience and an understanding of option strategies, long volatility and tail risk protection. Primarily, our funds are suited to institutional investors.

The minimum initial investment is €100,000 (or its equivalent in USD), or US\$100,000, depending on the fund. The minimum additional investment is €12,500.00 or USD\$12,500.

## **ITEM 8**

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

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

36 South follows a long volatility strategy. This means that we invest in options across various asset classes, with a focus on long-dated, out of the money options. Broadly speaking, the objective is to find positions which are capable of making multiples in the event of an extreme and/or sustained increase in market volatility.

Ultimately, our goal is to help investors to protect their wider portfolios against market crises and periods of extreme and/or sustained market volatility.

Our investment philosophy is based on an observation that, although financial markets are efficient most of the time, certain financial assets are systematically mispriced. This mispricing provides an opportunity.

The price of an option is based, in part, on the implied volatility of the underlying asset. Implied volatility is based on historical data, often with a bias towards recent history. During long periods of low volatility, option writers tend to underestimate how volatile an asset may become over the longer term.

Ultimately, this means we can find opportunities to buy options cheaply. We look for option

strategies which can return multiples, but never lose more than the premium paid.

If a market crisis occurs, an investor's holding in equities, bonds, and other traditional assets may suffer, whereas we seek to deliver our best returns in such environments. We aim to offer protection during times of market turbulence.

This is why we describe our expertise as being focused on the creation and management of *asymmetrical portfolios* with an emphasis on *crisis protection*. Our goal is to design portfolios which are negatively correlated with other asset classes, have asymmetrical, convex return profiles, and can help to protect our investors when the value of their other assets may be suffering.

Our investment approach is also based on an observation that volatility is mean reverting. Whilst markets may experience long periods of low volatility, history shows us that volatility follows a cycle and is likely to return to higher levels. In our view, the longer volatility remains below its long-term historic average, the greater the opportunity to buy protection against a resurgence.

We do not try to time the market. We do not seek to predict the volatility cycle or forecast the timing of the next market crisis. Rather, we maintain a portfolio of long-dated options that should benefit from an increase in volatility, whenever it may occur. By doing so, we aim to have protection in place at all times.

Our expertise lies in *finding* options which we consider to offer the best value. We seek to identify the mispricing of volatility and to find options which are undervalued.

It is important to understand, however, that the Funds are expected to experience a decline in mark-to-market value in stable market conditions and during periods of low volatility. In other words, absent a market event, the Funds should be expected to decline in value.

Equally, it is important to understand that an investment with 36 South should be viewed as a long-term proposition. More specifically, the investment period should be viewed in terms of the volatility cycle.

The above is just a high-level description of the Firm's investment strategy and objectives.

There is no guarantee that any Fund will be successful in achieving its objectives.

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Another important focus at 36 South is on option strategies which have the potential to achieve positive returns in "normal" market conditions (whilst still maintaining the potential to deliver convex, asymmetrical returns during a crisis). You might see these types of strategies described as "positive accrual", "positive carry", or "defensive risk premia". These strategies can provide a useful benefit in mitigating the cost (bleed) of tail risk protection, as well as offering a potential source of returns in their own right. Some of our funds are focused more on crisis protection/convexity, whereas others are focused more on positive accrual. Ultimately, investors can choose whichever investment solution or strategy best suits their particular needs and objectives.



## 8.B and 8.C Material Risks of Investment Strategies and Securities Used in Investment Strategies

### **General Risk Warning**

An investment with 36 South is not appropriate for everyone. Prospective investors should be aware that an investment with us will involve a significant degree of risk, including the potential loss of some or all of their investment. Investors should carefully consider whether an investment with 36 South is right for them. It is important that prospective investors are able to understand the investment objectives and strategy.

It is equally important that prospective investors are financially capable of bearing the risk of loss.

Generally speaking, our funds are designed to help an investor protect their wider portfolio against periods of extreme and sustained market volatility.

Most of our funds are expected to experience a decline in mark-to-market value in normal market conditions and during periods of low volatility. In other words, absent a market event, the Funds are likely to decline in value.

An investment with 36 South is expected to represent a small proportion of an investor's overall portfolio, and investors should consider our €100,000 minimum subscription in the context of their overall net assets.

Below is a list of some of the risks which the Funds may be exposed to, although it should be noted that this list is not exhaustive:

### **Investment Risk**

There can be no assurance that the Funds will achieve their investment objectives and policies. An investment in each Fund involves investment risks, including possible loss of the whole amount invested. The capital returns of the Funds are based on the capital appreciation and income on the investments they hold, less expenses incurred. Therefore, the Funds' return may be expected to fluctuate in response to changes in such capital appreciation or income.

### **Investments in Indices**

The Funds may invest in certain index products. An investment in an index product is subject to the risks and opportunities of the underlying securities which compose the index. Although the index may be managed by an administrator, 36 South will not have control over the composition of the index, and the Funds may be exposed to changes in value based upon the performance and management of the reference obligations or securities which constitute the index.

### **Operational Risk**

The Funds will be dependent on the proper functioning of the internal management and systems of the Investment Manager and service providers.

**Limited Number of Investments**

The degree of diversification will vary over time. The Funds could have relatively few concentrated positions from time to time which would mean performance could be adversely affected by the performance of a single position.

The Firm anticipates that the Funds will, in general, be well diversified. However, in the event of a material demand for redemptions, the Funds could be forced to sell liquid positions resulting in an over-weighting in a small number of less liquid investments. In such circumstances, the aggregate return of the Fund may be substantially and adversely affected by the unfavourable performance of a single investment.

**Unidentified Portfolio**

Because not all of the specific investments of the Funds are identified upfront, the shareholders must rely on the ability of the Investment Manager to make appropriate investments for the Funds and to manage and dispose of such investments. Whilst the Funds intend to make only carefully selected investments that meet the investment criteria of the Funds, the Investment Manager has complete discretion with respect to the selection of such investments.

**Liquidation of Fund Securities**

The method and timing of liquidating investments and of exit strategies are critical elements of maximizing the Funds' return. The ability to liquidate investments depends largely on sales on public exchanges and the varying liquidity available in over the counter markets.

**Leverage**

The Funds may be leveraged through investments in options, futures or other derivative instruments. The use of leverage creates special risks and may significantly increase the Funds' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, may increase the Funds' exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the net asset value of the shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of the shares may decrease more rapidly than would otherwise be the case.

**Illiquidity**

Whilst shareholders will normally be able to realize their investment in the Fund by redeeming their shares or by a transfer to a third party, it should be noted that the calculation of the net asset value may be suspended in certain circumstances and redemption of shares may be suspended or deferred in certain circumstances.

**Currency Exposure**

The net asset value per share will be denominated in the currency of the relevant class, whereas the Funds' investments may be acquired directly or indirectly in other currencies. The Investment Manager may seek to minimize the exposure to currency fluctuation risks by the use of hedging and other techniques and instruments, but it may not be possible or practicable to hedge against the consequent currency risk exposure.

**Political and/or Regulatory Risk**

The value of the Funds' assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Funds are exposed through its investments.

**Interest Rate Fluctuations**

The prices of securities held by the Funds or to which the Funds may have exposure tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the Funds' long and short portions to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the costs of borrowing by the Funds.

To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Funds to losses.

**Suspension of Trading**

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Investment Manager to liquidate positions and thereby expose the Funds to losses.

**Lack of Control and Reliance on the Investment Manager**

Except to the extent the Articles of Association or laws of the relevant country accord shareholders certain rights with respect to company law matters, the shareholders will have no right to participate in the management of the Funds or in the control of its business. Accordingly, no person should purchase any shares unless he is willing to entrust all aspects of management of the Funds to the Manager and all aspects of selection and management of the Funds' investments to the Investment Manager. The Funds' success will depend completely on the efforts of the Investment Manager and each of its principals. The death, disability or withdrawal of one or more of the Investment Manager's principals or financial or operational difficulties of the Investment Manager could adversely affect the Funds.

**Availability of Investment Opportunities**

The business of identifying and structuring investments of the types contemplated by the Funds is competitive, and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that the Funds will be able to identify and complete attractive investments in the future or that it will be able to fully invest its subscriptions or commitments, as the case may be. Moreover, identification of attractive investment opportunities by the Funds is difficult and involves a high degree of uncertainty.

Finally, there are other funds sponsored, managed or advised by the Investment Manager and its affiliates that are or may be seeking investment opportunities similar to those the Funds are or may be seeking, and the Investment Manager and such other funds have no obligation to offer any opportunities it or they may identify to the Funds.

**Hedging**

The Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, to seek to hedge against declines in the values of the Funds' positions as a result of changes in interest rates, changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Hedging against a decline in the value of the Funds' positions does not eliminate fluctuations in the values of the Funds' positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the Funds' positions' values. In addition, it may not be possible to hedge against certain changes or events at all.

**Forward Trading**

Forward contracts and options thereon, unlike futures 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 market participants have refused to quote prices for certain currencies or commodities or have quoted 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 the Investment Manager because of 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 the Investment Manager would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds. In addition, managed accounts or investment funds in which the Funds have an interest may be exposed to credit risks with regard to counterparties with whom the Investment Manager trades as well as risks relating to settlement default. Such risks could result in substantial losses to the Funds.

**Swap Agreements**

The Funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors.

Depending on their structure, swap agreements may increase or decrease the Funds' exposure to strategies, equity securities, long term or short term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Funds. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties.

If a swap agreement calls for payments by the Funds, the Funds must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Funds.

### **Counterparty Risk**

The return payable under derivatives in which the Funds invest will be subject to the credit risk of the Counterparty ("Counterparty"). Investors should note that not only will they be exposed to the credit risk of the Counterparty but also to potential conflicts of interest in the performance of the functions undertaken by the Counterparty in respect of the Funds. In such circumstances, the Funds shall request from a Counterparty an assurance that the Counterparty has undertaken to use its reasonable endeavours to resolve any such conflicts of interests fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Funds and the shareholders are not unfairly prejudiced.

### **Derivative Instruments**

The Funds may invest in derivative instruments as part of their strategy. Different derivative instruments involve levels of exposure to risk. In particular, investors should be aware of the following points:

#### **Futures**

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases, to settle the Funds' position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of the Funds' investment, and this can work against the Funds as well as for the Funds. Futures transactions have a contingent liability, and investors should be aware of the implications of this, in particular the margining requirements.

#### **Options**

There are many different types of options with different characteristics subject to different conditions:

#### **Buying Options**

Buying options involves less risk than selling options because, if the price of the underlying asset moves against the Funds, the Funds can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if the Funds buy a call option on a futures contract and the Funds later exercise the option, the Funds will acquire the future. This will expose the Funds to the risks described under "futures" and "contingent liability transactions".

#### **Writing Options**

If the Funds write an option, the risk involved is considerably greater than buying options. The Funds may be liable for margin to maintain its position and a loss may be sustained well in excess of any premium received. By writing an option, the Funds accept a legal obligation to purchase or sell the underlying asset if the option is exercised against the Funds, however

far the market price has moved away from the exercise price.

If the Funds already own the underlying asset which the Funds have contracted to sell (known as covered call option) the risk is reduced. If the Funds do not own the underlying asset (known as uncovered call option) the risk can be unlimited. Subject to the overall limit on leverage which may be utilized by the Funds, there is no restriction on the Funds' ability to write options. Certain option markets operate on a margined basis under which buyers do not pay the full premium on their option at the time they purchase it. In this situation, the Funds may subsequently be called upon to pay margin on the option up to the level of its premium. If the Funds fail to do so as required, the Funds' positions may be closed or liquidated in the same way as a futures position.

### **Contracts for Differences**

Futures and options contracts can also be referred to, as well as include, contracts for differences. These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or option. Transactions in contracts for differences may also have a contingent liability and an investor should be aware of the implications of this as set out below.

### **Off-Exchange Transactions**

While some off-exchange markets are highly liquid, transactions in off-exchange, or non-transferable, derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and, consequently, it may be difficult to establish what constitutes a "fair price". Any unwind of OTC financial derivative instruments prior to their contractual maturity may be subject to bid/offer spreads. Such charges, if applied, will affect the realizable value of the Funds' assets.

### **Contingent Liability Transactions**

Contingent liability transactions which are margined require the Funds to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Funds trade in futures, contracts for differences or sell options, the Funds may sustain a total loss of the margin they deposit with the broker to establish or maintain a position. If the market moves against the Funds, the Funds may be called upon to pay substantial additional margin at short notice to maintain the position. If a Fund fails to do so within the time required, its position may be liquidated at a loss and the Fund will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose you to substantially greater risks.

### **Suspensions of Trading**

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is

suspended or restricted. Placing a stop-loss order will not necessarily limit losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

### **Clearing House Protections**

On many exchanges, the performance of a transaction by a broker (or the third party with whom he is dealing on the Funds' behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Funds as the customer and may not protect the Funds if the broker or another party defaults on its obligations to the Funds. There is no clearing house for traditional options, nor normally for off exchange instruments which are not traded under the rules of a recognized or designated investment exchange.

### **Insolvency**

A derivative broker's insolvency or default, or that of any other brokers involved with the Funds' transactions, may lead to positions being liquidated or closed out without the Funds' consent. In certain circumstances, the Funds may not get back the actual assets which they lodged as collateral and the Funds may have to accept any available payment in cash.

### **Country risks**

The transactions in which the Funds invest or may be exposed to may be located in, or affected by, emerging markets and involve cross-border sales and payments. These factors give rise to risks, including in relation to the predictability and stability of the legal and political situation; the robustness and ease of enforcement of any security and any other remedies vendors might have; and issues relating to taxes, export licenses and customs duties, and currency controls. In addition, currency exchange rates are subject to certain risks arising from government regulation or intervention in the currency and interest rate markets, through regulation of the local exchange market, restrictions on foreign investments by residents, limits on inflows of investment funds, changes in the general level of interest rates, changes in other government policies, changes in taxation and other developments in applicable laws and regulations. Such regulation or intervention could adversely affect the Funds' performance.

## **ITEM 9**

### **DISCIPLINARY INFORMATION**

Neither 36 South nor any of its supervised or associated persons have ever been subject to any material disciplinary or legal action.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **10.A. No registered representatives**

Neither the Firm, nor any member of personnel, including employees and Principals, is registered as a broker-dealer or a registered representative of a broker-dealer.

#### 10.B. Other Registrations and 10.C. Material Relationships and Arrangements

In addition to its registration with the SEC, the Firm is a member of the National Futures Association (“NFA”) and is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”). This is because our Funds invest in options and futures which fall under the definition of “commodity interests”. The Firm’s NFA ID is 0475744. The “pools” we operate are one and the same as our Funds. The Firm’s partners and other relevant personnel are registered with the NFA in their capacity as Principals and/or Associated Persons of the Firm as a CPO.

You will note in Item 7A and Section 7A of Schedule D of our Form ADV that we have listed three affiliates. These affiliates are special purpose vehicles (each an “SPV”, and together “SPVs”), which were established to serve as managing members and general partner to the Funds we manage.

36 South Investment Managers (Ireland) is an SPV which serves in effect as Managing Member to 36 South Funds ICAV and its sub-funds (including Kohinoor Core Fund, Kohinoor Series Three Fund, and Lesedi Fund, each of which is a Private Fund as reported in our Form ADV).

36 South Investment Managers (Cayman) Limited is an SPV which serves in effect as Managing Member to Kohinoor Core (Cayman) Master Fund and its feeder funds (each of which is a Private Fund as reported in our Form ADV). 36 South Investment Managers (Cayman) Limited is now simply a “procurement agent” i.e. its role is limited to the appointment of service providers to the funds.

36 South GP Limited is an SPV established for the sole purpose of acting as General Partner to Kohinoor Core (Delaware), L.P., a Private Fund managed by the Firm which is a feeder fund of Kohinoor Core (Cayman) Master Fund.

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Pursuant to the SEC Staff’s No Action Letter on Private Investment Entities dated 8 December 2005, 36 South Investment Managers (Ireland) Limited, 36 South Investment Managers (Cayman) Limited, and 36 South GP Limited are not required to register with the SEC as investment advisers. Rather, these SPVs look to and essentially rely upon our registration with the Commission.

#### 10.D. No Recommendation or Selection of other Investment Advisers

36 South does not recommend or select other investment advisers for its clients and does not receive compensation from other advisers in a manner that could create a material conflict of interest with its clients.

36 South does not have any other business relationships with other advisers that it believes could create a material conflict of interest.



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

**11.A. Code of Ethics**

Pursuant to SEC rule 204A-1 (together with its regulatory obligations in the UK as an FCA authorized AIFM), the Firm has adopted a Compliance Manual and Code of Ethics, in the form of a series of individual policies and procedures (together “the Compliance Program”). The Compliance Program summarizes the laws, rules and regulation to which the Firm and its personnel must adhere. The Firm requires all personnel to periodically attest their adherence to the Compliance Program.

Ultimately, the Compliance Program is designed to ensure that the Firm and its personnel always place the interests of clients first. Details of the Code of Ethics and wider Compliance Program are available on request.

**11.B. Material Financial Interest in Client Securities**

36 South does not recommend to its clients any securities in which the Firm or any related person have a material financial interest. The Firm does not buy from, and does not sell to its clients as principal, any securities in which the Firm or any related person have a material financial interest. In the event of an exception to this general policy, approval of the Firm’s Principals would be required.

Some of the Funds have an investment holding in another Fund managed by the Firm. For example, the strategy of Kohinoor Series Three Fund is to invest up to 30% of its net assets in Kohinoor Core Fund, with the remainder in cash and cash equivalents such as government bonds. The purpose of this strategy is to provide investors with the potential to benefit from convex returns in the event of extreme market volatility, whilst allocating a large portion of the portfolio to traditionally lower risk assets. The Firm does not receive any fees on the Core Fund holding in Kohinoor Series Three Fund i.e. investors are not double-charged. Hence the Firm does not consider that this arrangement presents any conflicts of interest.

**11.C. and 11. D. Personal Trading, Timing of Trading and Conflicts with Clients**

36 South maintains a personal account dealing policy, which seeks to mitigate the risk of any conflict arising between the personal trading activity of its personnel and its duty to clients. The policy also prohibits the misuse of material non-public information, and prohibits all other forms of abusive trading and market manipulation.

The personal account dealing policy forms part of the Code of Ethics, and all personnel must complete a signed attestation each year, confirming their compliance with the policy. The policy stipulates the types of trading activity which could pose a conflict with the interests of clients, and requires pre-approval for all such trading. Holdings and transaction reports are monitored by the Chief Compliance Officer and Compliance Manager.

Potential conflicts associated with the timing of personal trades are also addressed through the policy and approval process. For example, personal trading requests are reviewed against the Funds' portfolios *and* against securities under consideration for investment in the Funds.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### *12.A. Selection of Broker-Dealers for Client Transactions*

The selection of brokers-dealers for execution of client transactions is made on the basis of best execution. The Firm must take relevant execution factors into consideration, subject to the policies and restrictions of each Fund. Price, margin/collateral terms, transaction costs, efficiency and likelihood of execution are relevant execution factors, although this is by no means an exhaustive list.

##### *Research and Soft Dollars*

36 South does not engage in any soft dollar arrangements and does not select brokers which charge higher commissions and execution costs than obtainable from other brokers, on the basis of research services provided by that broker.

Any research which the Firm may receive from brokers is paid for directly and explicitly by the Firm in accordance with a specific contract for services. The Funds are not charged for any research received by the Firm.

##### *Brokerage for Client Referrals*

36 South does not receive client referrals from any broker-dealers and does not use any capital introduction arrangements.

##### *Directed Brokerage*

36 South does not recommend, request or require that any client transactions are executed through a particular broker-dealer in order to obtain soft-dollar benefits from that broker. All client transactions are executed on the basis of best execution.

36 South provides discretionary investment management to its clients and, as such, it has discretionary authority for broker selection. The Firm's clients do not direct broker selection.

In relation to any managed account clients, however, the client may determine the range/list of brokers to be used for execution. This may be the case, for example, to fit with a client's pre-existing ISDA agreements.

#### *12.B Aggregation of Orders*

The aggregation of client orders is governed by the Firm's aggregation and allocation policy. In brief, the policy seeks to ensure that all clients receive equal and fair treatment when aggregating orders across multiple client accounts.

In the event that an order is only partially filled, the general approach is to allocate the executed part of the trade according to the original proportional allocation.

Given the nature of the Firm's trading, it does not tend to experience split fills. However, in the event that an order is not filled at the same price, the Firm would allocate each price 'tranche' of the order according to the original proportional allocation, thus ensuring that each client pays the same average price.

We are happy to provide a copy of the policy to investors and prospective investors on request.

### **ITEM 13 REVIEW OF ACCOUNTS**

#### **13. A. and 13.B Frequency and Nature of Review**

In its role as discretionary investment manager, 36 South conducts ongoing reviews of all client accounts for risk monitoring, and to ensure that each portfolio adheres to its agreed investment mandate. By "client accounts", we mean the funds and SMA that we manage. Risk reviews are conducted weekly for all portfolios, although all portfolios are effectively overseen on a continual basis. The supervised persons involved in the review and oversight of client portfolios include Richard Jerry Haworth (CIO), Neale Jackson (Portfolio Manager), Jack De La Fargue (Portfolio Manager and Deputy CIO), Diego Parrilla (Portfolio Manager), George Adcock (Head of Trading), Michael Tasker (CEO and Risk Manager) and Jamie Evans (COO).

#### **13. C. Reporting to Clients**

Investors in the Funds receive monthly statements which are issued directly by the Administrator.

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

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

36 South does not receive any economic benefit from third parties for the provision of investment advice or other services to its clients.

#### **14. B. Compensation for Client Referrals**

The Firm does not currently work with any third-party marketers or introducers.

### **ITEM 15 CUSTODY**

Fund investors receive monthly statements directly from the Fund Administrator. Investors should carefully review these statements upon receipt and notify 36 South and/or the Administrator if they have any queries.

**ITEM 16**  
**INVESTMENT DISCRETION**

The Firm has discretionary authority to select and manage securities on the Funds' behalf, subject to any restrictions set out in the governing documents of each Fund.

Should an investor wish to establish a fund of one or SMA, any desired restrictions could be discussed and written into the fund terms, based on mutual agreement between the client and the Firm.

**ITEM 17**  
**VOTING CLIENT SECURITIES**

36 South does not have authority to vote in client securities, as it invests solely in securities such as options, futures, and other derivatives, which do not generally carry voting rights.

**ITEM 18**  
**FINANCIAL INFORMATION**

*18. A. Pre-Payment of Fees*

36 South does not require or solicit advance payment from its clients.

*18. B. and 18.C. Financial Information*

36 South has not been subject to a bankruptcy petition at any time in its existence, and does not consider there to be any financial condition which is reasonably likely to impair its ability to meet its commitment to clients.

**STAFF BIOGRAPHIES**

The following section contains background information about the Firm's Supervised Persons i.e. the Firm's partners and those of our staff who are involved in the investment services we provide (namely our key investment and trading staff).

**Richard Jeremy ("Jerry") Haworth: CIO, Partner**

*Background and Experience*

Jerry has over 35 years of investment experience and co-founded 36 South in 2001. He is the CIO and chairs the Investment Management Committee ("IMC") meetings. Jerry is responsible for the general strategic direction of the company. Jerry also chairs the Senior Management Group, and is a member of the Risk Committee.

Jerry is well known for his thought leadership in the volatility space. He often represents the Firm as a speaker at high profile educational and professional events, and is a frequent guest speaker and writer on volatility in the financial media.

Prior to co-founding 36 South in 2001 in New Zealand, Jerry was instrumental in the establishment of the futures and options market in South Africa. He served as an Executive Member of the South African Futures Exchange. He also traded government bonds for a large discount house before being appointed Head of Equity Derivatives for one of South Africa's largest and most successful merchant banks, Investec Ltd. In 1996, Jerry founded Peregrine Holdings Ltd. The company offered a range of services including stock-broking, futures and options broking, pension fund structuring and financial software development to South Africa's large financial institutions but its main niche was designing derivative strategies for institutional clients normally packaged as a structured note. Peregrine enjoyed phenomenal early success under his management culminating in a stock exchange listing in 1998 in which the value of the company soared over 400% on IPO.

Jerry has a Bachelor of Business Science degree from the University of Cape Town (South Africa), is a member of the Association of Chartered Management Accountants and has passed the Series 3 US National Commodity Futures Exam.

#### Disciplinary Information

N/A.

#### Other Business Activities

N/A.

#### Additional Compensation

N/A.

### **Michael Tasker: CEO, CRO, Partner**

#### Background and Experience

Michael has 18 years' experience in the financial markets, with a focus on the operational management of hedge funds. He joined 36 South in 2006 and is responsible for overseeing the middle and back office activities of the firm, including fund operations, compliance, legal and risk. As the CEO, he maintains relationships with counterparties, administrators, legal counsel, regulators, auditors, Fund Directors and other stakeholders to ensure efficient operations of the firm and the Funds. As Risk Manager, he chairs the Risk Committee meetings and oversees the firm-wide risk management processes. Michael is also a member of the Senior Management Group, the I.T Change Management Committee and the Valuation Committee.

Michael graduated with a Bachelor of Business Science degree from Rhodes University (South Africa) and has passed the US Series 3 National Commodity Futures Examination.

#### Disciplinary Information

N/A.

#### Other Business Activities

N/A.

#### Additional Compensation

N/A.

### **Neale Jackson: Investment Committee Member, Portfolio Manager**

#### Background and Experience

Neale has over 20 years of experience in financial markets. In his role as PM, Neale constantly monitors market developments and trends in his search for trade ideas which he presents to the Investment Management Committee.

Prior to joining 36 South in 2013, Neale published his research and ideas via his newsletter Quantitative Musing; a freelance options-focused report that explored micro- and macro-economic fundamentals. Before launching his research publication, Neale was Head of Equities at OMF Financial in New Zealand which included establishing a new CFD division as well as re-developing the Equities and Equity derivatives division. Prior to embarking on his career in the financial markets, Neale was a mathematics teacher.

Neale holds a Master in Entrepreneurship degree from University of Otago (New Zealand), and a Bachelor of Science from Rhodes University (South Africa). Neale has also passed the National Commodity Futures Exam (Series 3).

#### Disciplinary Information

N/A.

#### Other Business Activities

N/A.

#### Additional Compensation

N/A.

### **Jack De La Fargue: Portfolio Manager, Deputy CIO**

#### Background and Experience

Jack joined 36 South Capital Advisors in 2017 and as a portfolio manager and member of the Investment Management Committee he develops trade ideas, analyses potential and existing investments, as well as monitoring various portfolio elements.

As Deputy CIO, Jack's main focus is on portfolio governance and oversight. He also assists with approvals as part of our pre-trade control procedures.

Jack also coordinates research into best practice within the long volatility universe and his other roles include company specific research and facilitating new product development. Prior to joining 36 South, Jack studied his Bachelor of Business Science at the University of Cape Town (UCT). Jack is a full CFA charter holder as well as holding the Investment

Management Certificate (IMC).

Disciplinary Information

N/A.

Other Business Activities

N/A.

Additional Compensation

N/A.

**Diego Parrilla: Investment Committee Member**

Background and Experience

Diego has 25 years of experience at industry leaders JP Morgan, Goldman Sachs, Merrill Lynch, BlueCrest, Dymon Asia, OMGI and Quadriga, in London, New York, Singapore, and Madrid. Diego is published author "The Energy World is Flat" (Wiley, 2014), "The Anti-Bubbles" (2017), "The Anti-Bubble Report", Financial Times, WSJ, Hedgeye, MacroVoices. Diego holds MSc Mineral Economics from Colorado School of Mines (USA), MSc Petroleum Economics from French Institute of Petroleum in Paris (France), MS Mining Petroleum Engineering Polytechnic University of Madrid (Spain) in 1997. Diego completed JP Morgan Markets Training Program in New York in 1998.

Disciplinary Information

N/A.

Other Business Activities

N/A.

Additional Compensation

N/A.

**George Adcock: Investment Committee Member, Head of Trading**

Background and Experience

George has 10 years of experience in trading. He joined 36 South in November 2015 and works alongside the Head of Trading & Execution and his main task is deal execution, including price determination and information provision. George also supports the Investment Management Committee members with research pertinent to monitoring trends in implied volatility.

Prior to joining 36 South, George worked for a number of firms, including Citi Global Markets equities division, and most recently within the LME Trading Team at Marex Spectron. His tasks included both proprietary trading and market making of Base Metals products and FX, with a speciality in Comex Copper.

George has obtained a Bachelor of Laws LLB (2.1) from University of Leeds (United Kingdom) in 2010, Investment Operations Certificate from the Chartered Institute of Investments and Securities (CISI), and he also passed the National Commodity Futures Exam (Series 3).

Disciplinary Information

N/A.

Other Business Activities

N/A.

Additional Compensation

N/A.

**Jamie Evans: COO**

Background and Experience

Jamie joined 36 South in 2011 and is responsible for managing the Operations team. His tasks include overseeing daily functions of the business, including process improvements, calculation of the Funds' NAV estimates, margin management, reconciliation, settlements and confirmations of trades, treasury and cash management. Jamie also acts as a deputy Risk Manager and is a member of the Risk Committee, Valuation Committee and the Senior Management Group.

Jamie graduated from the Dublin Institute of Technology (D.I.T) with a Bachelor of Arts in International Business and Languages.

Disciplinary Information

N/A.

Other Business Activities

N/A.

Additional Compensation

N/A.

**Supervision**

All members of staff at 36 South are subject to the Firm's compliance policies and procedures. All members of staff are required to annually attest to having complied with our policies and procedures. Trading is subject to pre-approval by both risk and investments. Compliance is overseen by the firm's CCO, Tom Lucey ([tom.lucey@36south.com](mailto:tom.lucey@36south.com), +44 203 205 3000).