

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

March 27, 2024

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Systematica Investments GP Limited is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides information about the qualifications and business practices of Systematica Investments GP Limited. If you have any questions about the contents of this brochure, please contact us at +44 1534 841 090. 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 Systematica Investments GP Limited also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Material Changes**

There are no material changes to report since the filing of our last annual brochure in March 2023.

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## 1. Advisory Business

Systematica Investments GP Limited is an investment advisory services firm and serves as a sub-adviser to certain private funds and other investment vehicles and accounts through sub-investment management agreements with the investment adviser of those clients, Systematica Investments Limited. Systematica Investments Limited is an investment advisory firm specializing in investment management for hedge funds and managed accounts and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

We are a member of the Systematica Group which comprises (i) Systematica Investments Limited, the investment manager of our clients, (ii) Systematica Investments UK LLP and Systematica Investments Singapore Pte. Ltd, each of which acts as a sub-investment manager of certain clients of Systematica Investments Limited, and (iii) other related persons described in Item 7 of Part 1A of Form ADV (collectively referred to herein as the “Systematica Group”). Systematica Investments Limited, acting as agent of its funds and managed accounts, has appointed Systematica Investments GP Limited, Systematica Investments UK LLP and Systematica Investments Singapore Pte. Ltd to provide investment management services to certain clients in Systematica Investments Limited’s place, each acting as agent of the relevant clients. Each of Systematica Investments UK LLP and Systematica Investments Singapore Pte. Ltd is registered as an investment adviser with the U.S. Securities and Exchange Commission.

We are majority owned by Systematica Holdings Limited which is wholly-owned by Systematica Investments LP. Systematica Investments Limited is the general partner of Systematica Investments LP and further information regarding Systematica Investments Limited and its affiliates is available on Systematica Investments Limited’s Form ADV.

Systematica Investments GP Limited, a limited company incorporated in Jersey and acting in its own right and/or through its Geneva branch, was founded in October 2014 and is controlled and managed by Leda Braga and her team.

The Systematica Group specializes in a wide range of global investment strategies in both the stock and bond markets. Our team advises clients on numerous investment strategies, including, systematic trading, managed futures trading, and quantitative strategies.

For more information on the investment strategy of each of our clients, please see Item 5: Method of Analysis, Investment Strategies and Risk of Loss.

The Systematica Group tailors advisory services in accordance with each client’s needs and investment strategy as disclosed in its offering document or managed account agreement. Our advisors adhere to the investment strategy and restrictions set forth in each client’s offering document or managed account agreement. Restrictions on the types of securities in which we invest for our clients vary from client to client as disclosed in the client’s governing documents.

We do not participate in wrap fee programs.

The amount of client assets that we manage on a discretionary basis, as of December 31, 2023, was \$18,131,843,665. As certain managed accounts employ varying volatility targets, the total assets under management has been calculated by using the aggregate sum of the targeted risk of

the relevant accounts, as of December 31, 2023. We do not manage any assets on a non-discretionary basis.

All information provided in this Form ADV is with respect to the sub-advisory services we provide to certain of Systematica Investments Limited's clients. Figures and information provided in this brochure are based on the assets of our clients, but other members of the Systematica Group (including Systematica Investments Limited) manage the same clients and have duplicative figures or information in their respective Form ADVs. Therefore, assets under management and regulatory assets under management figures provided in this Form ADV represent the total assets under management and regulatory assets under management that are managed by the Systematica Group of the private funds listed in Item 7.B. of Part 1A of this Form ADV and other investment vehicles and accounts. These funds and investment vehicles and accounts are referred to as "clients" in this brochure.

## **2. Fees and Compensation**

We have intentionally omitted the full section on compensation for advisory services, as we are an SEC registered adviser and this brochure is being delivered only to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

Systematica Investments Limited and its affiliates charge management fees and performance-based compensation to our clients. As a sub-investment manager, Systematica Investments GP Limited receives compensation from Systematica Investments Limited in relation to the services it provides to clients. Further information regarding fees and compensation is available on Systematica Investments Limited's Form ADV.

In connection with our advisory services, our clients bear all of their own expenses (ordinary and extraordinary). The lists below are detailed but do not include every possible expense a client may incur. Each client bears its share of:

- initial organization and offering expenses;
- brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions;
- the charges, costs and expenses of legal advisers, tax advisers and auditors and any replacement or additional prime brokers and/or custodians that may be appointed from time to time;
- all taxes and corporate fees payable to governments or agencies;
- the fees and expenses of the client's, its master fund's and its general partner's directors, as applicable;
- interest on, and the costs and expenses of, borrowings, including borrowings from any counterparties;

- communication expenses with respect to investor services and all expenses of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- the cost of insurance (if any) for the benefit of the directors;
- litigation and indemnification expenses, including under any contractual arrangements entered into;
- extraordinary expenses not incurred in the ordinary course of business;
- the cost of obtaining and maintaining any future offering of interests or shares in the client;
- the cost of preparing, submitting and filing any relevant legal, regulatory or taxation related reports and any related expenses;
- the cost of membership of any exchange;
- the cost of any relevant legal or regulatory filing expenses required to market a client in various jurisdictions; and
- any other costs incurred by members of the Systematica Group that the client agrees to reimburse.

In addition, our clients that invest in other hedge funds managed by the Systematica Group incur expenses in connection with these investments, such as proxy, underwriting and private placement costs and expenses relating to the underlying clients' investment program and operations.

For more information on brokerage transactions and costs, please see Item 9: Brokerage Practices.

The Systematica Group allocates the expenses to the clients that incur them, and if multiple clients incur expenses in the same transaction, we allocate the expenses among the applicable clients and the applicable investments of each client in a fair and reasonable manner.

Members of the Systematica Group receive from time to time transaction-based compensation for the sale of securities of the non-U.S. funds we sub-advise to non-U.S. investors pursuant to distribution agreements.

### **3. Performance-Based Fees and Side-By-Side Management**

Systematica Investments Limited and its affiliates receive performance-based compensation in the form of a performance fee or a performance allocation from some of our clients. Further information regarding performance-based compensation is available on Systematica Investments Limited's Form ADV.

The existence of the performance fee or allocation may create an incentive for the Systematica Group to make riskier or more speculative investments on behalf of the clients paying a performance fee or performance allocation than would otherwise be the case.

In addition, the non-existence or the existence of different rates of performance fees or allocations may create an incentive for members of the Systematica Group to favor certain clients when making an investment decision than would be the case in the absence of these arrangements. Such conflicts are dealt with on a case by case basis, having regard to relevant facts and circumstances.

#### **4. Types of Clients**

Our clients are generally either pooled investment vehicles (hedge funds and funds of hedge funds) or managed accounts. The types of clients include pooled investment vehicles, pension and profit sharing plans, banking or thrift institutions, state or municipal government entities, other investment advisers, insurance companies, sovereign wealth funds and foreign official institutions. We also act as a sub-adviser to a registered investment company.

Systematica Investments Limited determines in its sole discretion any requirements for entering into an investment advisory contract with a client or otherwise opening or maintaining an account, including whether a private fund is large enough to implement its desired investment program.

We also provide investment advisory services to separately managed accounts and may, in the future, agree to provide services to additional separately managed accounts.

#### **5. Method of Analysis, Investment Strategies and Risk of Loss**

In managing our clients, the Systematica Group employs methods of analysis and investment strategies suitable for each client's investment objective. The Systematica Group employs a wide variety of investment strategies that vary from client to client and the specific investment strategies followed by our clients (which are more fully described in each fund client's offering documents). These investment strategies are currently:

- Systematic trend following strategies
  - These are strategies that involve trading managed futures and OTC instruments across a wide range of markets, seeking to algorithmically identify and capture movements in various traditional and alternative markets relating to momentum or trends. The strategies attempt to identify trends over multiple time horizons for each market traded, ranging from a few days to a few months, and are combined to produce an aggregate forecast for the market. Some strategies specifically seek to capitalize on the attractive return potential and increased diversification benefits of less commonly traded markets.

- Systematic market neutral equity strategy
  - This strategy aims at identifying anomalies between groups of individual stocks with a view that these temporary dislocations will mean revert. This strategy trades across a broad range of single-stocks on major stock exchanges around the globe. This strategy systematically adjusts its positions within each market, and hence achieves a dynamic distribution of risk, according to proprietary signals and market risk levels.
- Systematic alternative risk premia strategy
  - This strategy aims to implement well documented alternative risk premia strategies across global markets. Strategies covered are diversified implementations of value, momentum, carry, defensive and volatility investment themes across asset classes. The markets traded are a broad range of liquid futures, forward and single stocks.
- Systematic traditional asset risk premia strategy
  - This strategy aims to implement well documented traditional asset risk premia strategies across a globally diversified portfolio of markets and asset classes.
- Systematic macro relative value strategy
  - This strategy aims to implement relative value trades utilizing a variety of liquid futures and derivative instruments in a systematic manner.
- Systematic macro strategy
  - This strategy involves trading globally in multiple independent alpha categories that are long/short and span a wide variety of markets, assets and time horizons, where risk is allocated tactically across different independent investment ideas in a systematic manner.
- Tactical currency allocation strategy
  - This strategy involves trading OTC currency spot and forward instruments across a range of markets, seeking to algorithmically identify and capture movements of various currency markets against each other. The strategy attempts to identify and explore fundamental (non-trend) drivers of currency returns over multiple time horizons, ranging from a few days to multiple months. The drivers are combined to produce an aggregate forecast for each currency market against an equally weighted basket of the currency universe traded in the strategy.
- Commodities long short strategy
  - This strategy involves trading listed futures across a range of commodities markets, seeking to algorithmically identify and capture movements of various



commodities against each other. The strategy attempts to identify and explore fundamental (non-trend) drivers of commodities returns over multiple time horizons, ranging from a few days to a few months. The drivers are combined to produce an aggregate forecast for each commodity resulting in short exposure to commodities with the lowest relative expected future returns, and long exposures to the commodities with the highest relative expected future returns. The portfolio risk is diversified across all commodities traded, and within commodities sectors.

- Balanced risk commodities strategy
  - This strategy involves trading listed futures across a range of commodities markets, seeking to algorithmically determine the risk of each commodity and balance exposures based on risk. The strategy attempts to provide risk-balanced long exposure to a broad set of commodities. The portfolio risk is diversified across all commodities traded, within commodities sectors and time.
- Multi-strategy offerings
  - These strategies currently involve investing in underlying hedge funds managed by the Systematica Group that follow the systematic and quantitative strategies listed above, either through a portfolio with equal notional based allocations to certain of the above strategies or via customized mandates to allow for tailored mixed of strategies.

We also act as sub-investment manager (or sub-investment adviser as the case may be) to certain investment vehicles utilized by a number of the funds trading the strategies detailed above to make certain investments. Additionally, some of our managed account clients have bespoke variants of those strategies listed in this Item 5.

In the following risk factors, the word “client” includes the underlying funds through which our fund of funds clients and feeder fund clients invest.

Investing in any security involves a risk of loss that clients and investors in our clients must be prepared to bear. Please see below for a detailed explanation of some of the significant risks associated with the investment strategies we employ. The below list does not purport to be a complete enumeration or explanation of the risks involved with an investment in any client. These risk factors include only the risks that we believe to be material or significant and relate to our firm’s significant investment strategies. Additional details regarding risk factors are available in the offering documents of each client.

### ***General Economic and Market Conditions***

General economic and market conditions influence the success of our clients’ activities. For example, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances may affect clients’ and/or their underlying funds’ activities. These factors may affect the level and volatility of securities prices and the liquidity of the clients’ and/or their

underlying funds' investments. Volatility or illiquidity could hurt our clients' profitability or result in losses.

### ***Market Disruptions***

Our clients may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a client from its banks, dealers and other counterparties will typically be reduced in disrupted markets. A reduction may result in substantial losses to the client. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military, terrorist and global health events may from time to time cause dramatic losses for the client and these events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. A suspension could render it difficult or impossible for the client to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the client to close out positions.

### ***Effect of Health Crises and Other Catastrophic Events***

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that result in disrupted markets and/or interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and public response to or fear of such crises or events, may have an adverse effect on the operations of the clients, the Systematica Group and the other service providers to the clients and on the clients' investments. For example, any preventative or protective actions taken by governments in response to such crises or events may result in periods of business disruption either in specific countries or worldwide. Such actions may significantly reduce, delay, suspend or otherwise disrupt the operations of the clients, the Systematica Group and the other service providers to the clients. Further, the occurrence and duration of such crises or events could adversely affect economies and financial markets either in specific countries or worldwide. The impact of such crises or events could lead to negative consequences for the clients including, without limitation, significant reduction in their net asset value, reduced liquidity of the clients' investments, restrictions on the ability of the clients to value their investments and the potential suspension of the calculation of net asset value and the suspension of issues, withdrawals and/or exchanges of interests therein.

### ***Conflicts of Interest***

Systematica Investments Limited, service providers and certain entities appointed to provide investment management services (including Systematica Investments GP Limited) and/or their

respective affiliates or any person connected with them from time to time act as directors, investment manager, manager, sub-investment manager, sales agent, prime broker, broker, execution broker, custodian, director, registrar, broker, administrator, investment advisor, distributor or dealer in relation to, and are otherwise involved in, other investment funds, accounts and/or other vehicles (including those which invest in our clients, either directly or indirectly, and/or in which our clients, either directly or indirectly) which have the same, similar or different objectives to other funds. It is, therefore, possible that any of the foregoing may, in the course of business with one fund, have potential conflicts of interest with another fund.

Further, where permitted by applicable law, any of the foregoing entities may deal, as principal or agent, with our clients, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Members of the Systematica Group or any person connected with them invest in, directly or indirectly, and manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by our clients. None of the members of the Systematica Group or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to our clients or to account to our clients in respect of (or share with our clients or inform our clients of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities at their discretion on an equitable basis among our clients having regard to the nature (including the risk profile) of our clients.

Members of the Systematica Group or any person connected with them, advise and/or manage certain investors in our clients as well as such clients and, as a result of these separate capacities, may have access to more information regarding the investments of these clients than is generally available to other investors. Accordingly, in the course of business, the relationship among certain investors, our clients and members of the Systematica Group or any person connected with them may pose potential conflicts of interest.

The potential fees payable to us by certain clients may exceed the potential fees payable by other clients. Each member of the Systematica Group will allocate resources as it in its discretion considers appropriate in managing the assets of our clients and any other investment funds, vehicles or accounts in accordance with their respective investment objectives and strategies.

Further information is set forth in the relevant fund client's private placement memorandum or prospectus, as applicable.

### ***Other Clients***

Members of the Systematica Group or any person connected with them manage or advise other funds, vehicles and/or accounts and each will remain free to provide such services to additional funds, vehicles and accounts, including for their own accounts, in the future. Members of the Systematica Group or any person connected with them may vary the investment strategies employed on behalf of our clients from those used for themselves and/or for other clients. No assurance is given that the results of the trading by members of the Systematica Group or any person connected with them on behalf of our clients will be similar to that of other funds, vehicles and/or accounts concurrently managed by members of the Systematica Group or any person connected with them. Some of the Systematica Group's strategies have capacity

constraints. It is possible that such funds, vehicles and accounts and any additional funds, vehicles and accounts to which we in the future provide such services may compete with our clients for the same or similar positions in the markets.

The Systematica Group will act in a manner that they consider fair in allocating investment opportunities, individual trades and/or strategies to our clients in accordance with processes established by the Systematica Group, but otherwise have no specific obligations or requirements concerning the allocation of time, effort, investment opportunities, trades and/or strategies to our clients. In relation to the allocation of trades, such processes include controls to determine allocations on a pre-trade basis and the use of a model to seek to ensure fair allocation. In the case of a partially filled trade, allocations are proportional to the pre-trade order quantity, such that each client participating in the order receives a pro rata fill.

Systematica Investments Limited owns (and may transfer and/or license to any affiliate or person connected with members of the Systematica Group as they see fit) any intellectual property developed by them in the performance of services to our clients, including without limitation any intellectual property in the investment approach and strategies of our clients. Members of the Systematica Group may use information, intellectual property and trading strategies which any of them obtains, produces, creates, develops or utilizes in the performance of services to our clients in relation to other investment funds, vehicles or accounts, as they determine in their sole discretion.

### ***Regulatory Risks***

The regulatory environment for hedge funds continues to evolve and changes therein may adversely affect the ability of our clients to obtain the leverage they might otherwise obtain or to pursue their investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by our clients. The effect of any future regulatory or tax change on our clients is impossible to predict.

In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act (also known as the Dodd-Frank Act) has impacted and will continue to impact us and our clients. Certain provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective, it is therefore difficult to predict the full impact of the Dodd-Frank Act on the markets in which our clients trade and invest. The Dodd-Frank Act could result in certain investment strategies in which our clients engage or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the act could have a material adverse impact on the profit potential of our clients.

In addition, under the Directive of the European Parliament and the Council of the European Union on alternative investment fund managers (commonly referred to as “AIFMs”) (known as the AIFM Directive), certain conditions must be met to permit the marketing of interests to prospective and existing investors in the European Union (“EU”), including that prescribed disclosures are made to such investors. It is also possible that interpretation of the AIFM Directive may vary among the EU member states. It is therefore difficult to predict the full impact of the AIFM Directive on our clients and the members of the Systematica Group and the

effect on our clients and the members of the Systematica Group may vary over time. The AIFM Directive will result in requirements to make certain reports and disclosures to the regulators of the EU member states and of members of the European Economic Area (known as the EEA) in which a client is marketed. Such reports and disclosures may become publicly available.

Furthermore, the package of EU market infrastructure reforms known as “MiFID II” increases regulation of trading platforms and firms providing investment services. MiFID II affects financial market structure, trading and clearing obligations, product governance and investor protection. The MiFID II directive has been “transposed” into national law by EU member states. The transposition process has opened the door to the act of so-called “gold-plating”, where individual EU member states and their national competent authorities (“NCAs”) introduce requirements over and above those of the European text and apply MiFID II provisions to market participants that would not otherwise be caught by MiFID II. NCAs in certain jurisdictions may propose a number of regulatory measures and/or regulatory positions that may be unclear in scope and application resulting in confusion and uncertainty. It is difficult to predict how these regulatory positions or additional governmental restrictions may continue to be imposed on market participants and/or the effect of such restrictions on the implementation of a client’s investment objective. It is also difficult to predict the unintended consequences of MiFID II on the operation and performance of a client, which may be directly or indirectly impacted by changes to market structure, trading and clearing obligations, product governance and investor protection and/or regulatory interpretation.

In addition, in recent years, the SEC has proposed several new rules and amendments to existing rules under the Investment Advisers Act of 1940, as amended, related to registered advisers and their activities with respect to private funds. For example, two new rules amending Form PF were adopted by the SEC, creating additional reporting requirements for certain registered investment advisers, such as our firm, with respect to private funds.

Rules requiring the unbundling of the costs of research and other services from dealing commission and further restrictions on the Systematica Group’s ability to receive certain types of goods and services from brokers are likely to result in an increase in the investment-related expenditure of a client and/or negatively impact the Systematica Group’s ability to access investment research.

### ***Military Conflict and Geopolitical Turmoil***

The occurrence of military conflict, geopolitical turmoil and other similar world events may have an adverse impact on the clients and their investments, thereby affecting returns to investors. The clients could also be subject to a risk of loss arising from exposure that they may incur, indirectly, due to the occurrence of various force majeure events (meaning those events beyond the control of the party claiming that the event has occurred, including fire, flood, earthquakes, war, terrorism, outbreaks of infectious disease, pandemics, labour strikes, national and international political circumstances, and conditions in the global financial markets, all of which may give rise to trade and travel barriers, volatility in commodity prices and currency exchange rates and/or controls) may negatively affect the economy, infrastructure, the level and volatility of securities prices, the liquidity and value of the clients’ investments and the operations of the Systematica Group. Any such event may also adversely affect the ability of the clients, their

investments, counterparties of the foregoing or other persons or entities to perform their respective obligations.

### ***Brexit***

On January 31, 2020, the U.K. withdrew as a member of the EU and a party to the Treaty on European Union and its successor treaties (“Brexit”).

The outcome of the referendum and Brexit has caused, and may continue to cause, disruption, in particular, with regards to the functioning of European markets, the scope and functioning of European legal and regulatory frameworks, the nature and scope of the regulation of the provision of financial services within, and to, persons in Europe and the nature and scope of industrial, trade, immigration and other governmental policy pursued within Europe. These effects may persist for some time.

Brexit may have other consequences, including an increased likelihood of pro-independence movements in Scotland and other parts of the UK taking steps to secede from the UK. Future consequences of Brexit may adversely affect the value of a client’s investments, its net asset value, the liquidity and trading of such client, and the ability to achieve the investment objectives of such client.

### ***Concentration of Investments***

The Systematica Group will generally seek to maintain a diversified portfolio of investments on behalf of our clients. However, some of our clients may at certain times hold relatively few investments. Accordingly, a client could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

### ***Currency Exposure and Exchange Risk***

Some of our clients’ holdings are denominated in U.S. dollars. The clients’ assets may, however, be invested in securities and other investments which are denominated in currencies other than U.S. dollars. Accordingly, the value of those assets may be affected favorably or unfavorably by fluctuations in currency rates. The Systematica Group will usually seek to hedge our clients’ foreign currency exposure. However, the clients’ assets will necessarily be subject to foreign exchange risks. Accordingly, there is a potential risk of loss arising from fluctuations in value between the U.S. dollar and other currencies.

### ***Cybersecurity***

Our clients or any of their service providers, including the Systematica Group or any service provider thereto, may be subject to risks resulting from cybersecurity incidents. A cybersecurity incident is an event that may cause a loss of proprietary information, data corruption or a loss of operational capacity. Cybersecurity incidents can result from deliberate cyber attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (for example, through hacking or malicious software coding) for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining

unauthorized access, such as causing denial-of-service attacks on websites, which may make network services unavailable to intended users. The issuers of securities and counterparties to other financial instruments in which a client invests may also be subject to cybersecurity incidents.

Cybersecurity incidents may cause our clients to suffer financial losses, interfere with the calculation of a client's net asset value, impede trading, disrupt the ability of investors to subscribe for or redeem their shares or interests, violate privacy and other laws and incur regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cybersecurity incidents in the future which may adversely impact our clients.

While we have established business continuity plans, risk management strategies and cyber security policies to seek to prevent cybersecurity incidents, there are inherent limitations in such plans and strategies, including the possibility that certain risks have not been identified. Furthermore, we cannot control the business continuity plans or cybersecurity strategies put in place by other service providers to our clients or issuers of securities and counterparties to financial instruments in which our clients invest.

### ***Operational Risks***

Our clients depend on our firm to develop and implement systems and controls for their activities. Our clients also rely heavily on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities and other instruments, to monitor their portfolios, and to generate risk management and other reports that are critical to oversight and management of the clients' activities. In addition, our clients rely on information systems to store sensitive information. Certain of our clients' and the Systematica Group's activities will be dependent upon systems operated by third parties, including the prime broker, the administrator, market counterparties and other service providers, and the Systematica Group may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Systematica Group, the prime broker, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in a client's operations may cause the client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a client and therefore the investors' investments in the client.

### ***Debt Securities***

Our clients may invest in both investment grade and sub-investment grade debt securities in the expectation that positive returns can be made. For investment grade securities this will normally be with an assumption that the issuer will be able to make payment of interest and/or principal which will be part of the returns together with any appreciation of the debt security. For sub-investment grade securities or debt securities that are distressed, payments of interest or of

principal may or may not be assumed but there could be other opportunities to generate a positive return from an investment. Sub-investment grade debt securities are subject to a greater risk of loss of principal and interest than higher-rated debt securities. Our clients may invest in distressed debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. Our clients may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Our clients may also invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness and may invest in debt securities or obtain exposure to those debt securities by selling the securities short.

The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes, and their failure to make the scheduled payments could cause our clients to suffer significant losses. Our clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, and making comparison between countries is difficult. In addition, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value financial instruments.

### ***Analytical Model Risks***

Our clients employ certain strategies which depend upon the reliability, accuracy and analyses of the Systematica Group's or a third party's analytical models. To the extent these models (or the assumptions underlying them) do not prove to be correct, our clients may not perform as anticipated, which could result in substantial losses. All models ultimately depend upon the judgment of the investment team and the assumptions embedded in the models. To the extent that our judgments or assumptions are incorrect, our clients can suffer substantial losses.

The trading decisions of our firm are based in part on trading strategies which utilize mathematical analyses of technical factors relating to past market behavior (the "Program"). The buy and sell signals generated may be based upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets.

While the Program is predominantly algorithmic and mechanical, from time to time our firm or its affiliates may exercise discretion over trading orders. No assurance can be given that such use of discretion will enable our clients to avoid losses and in fact such use of discretion may cause our clients to forego profits which they may have otherwise earned had such discretion not been used.

The Program's computerized trading systems of our program rely on the ability of our personnel to accurately process such systems' outputs and to use the proper trading orders, including stop-loss or limit orders, to execute the transactions called for by the systems. In addition, our firm relies on its staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. Our systems are accordingly subject to human errors, including the failure to implement, or the inaccurate implementation of any of our systems, in



addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect the performance of our clients.

It should be noted that human discretion is necessarily involved in the development of the Systematica Group's operations, including in relation to a client's investment program and in certain circumstances members of the Systematica Group may deviate from their automatic systems, for example as a result of external, unforeseen or dramatic events.

The Program may use automated order routing and execution systems in its trading. Such systems are typically provided on an "as is" basis. Such systems may experience technical difficulties which may render them temporarily unavailable. In addition, such systems may fail to properly perform. Such failures may result in losses to our clients. The providers of such systems may have disclaimed all liability from such losses. In an effort to mitigate such risks, we closely monitor trades executed through automated order routing and execution systems and the operation of the systems themselves.

The Program is highly dependent on the proper functioning of its internal computer systems. Accordingly, defects, failures or interruptions of these systems, whether due to third party failures upon which such systems are dependent or the failure of the Program's hardware or software, computer viruses, power outages or catastrophic events could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause the accounts of our fund clients to experience significant trading losses or to miss opportunities for profitable trading. Additionally, any such failures could cause a temporary delay in reports to investors.

The Program depends to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect the trading for our fund clients until such failure or inaccuracy is corrected.

### ***Convertible Securities***

Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Convertible securities may or may not be rated within the four highest categories by Standard & Poor's and Moody's and, if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a client's holding may occur in the event the underlying stock is subdivided, additional

securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

### ***Correlation Risk***

We seek to diversify our clients' investment portfolios. The methods employed to achieve this diversification in part rely on historical observed correlations persisting. However, at certain times, and particularly during market stresses or events, a client's investments may become highly correlated, resulting in larger directional risk exposure than intended.

In addition, strategies that depend on the high positive or negative correlation between assets, signals or risk factors may be adversely affected by decorrelation or sudden substantial shifts in correlation.

### ***Counterparty Risk***

Our clients and/or their underlying funds are at risk if any counterparty is unable to perform in terms of a transaction because of, among other things, insolvency, bankruptcy or inability of the counterparty to access finance and/or assets to meet its obligations.

Where any counterparty enters an insolvency procedure, our clients and/or their underlying funds could experience delays in liquidating their positions and significant losses, including the following:

- loss of that portion of our client's and/or an underlying fund's portfolio financed through the counterparty transaction;
- a decline in value of its investment during the period in which our client and/or an underlying fund seeks to enforce its rights;
- an inability to realize any gains on its investment; and
- fees and expenses incurred in enforcing its rights.

During an insolvency procedure (which may last many years) our clients and their underlying funds may have restricted use of assets that are held by or on behalf of the relevant counterparty. Restricted use of the assets may give rise to the following consequences:

- our ability to fulfill the investment objective of the client may be impaired;
- we may require our client and/or its underlying funds to suspend the calculation of the net asset value and as a result subscriptions for and withdrawals or redemptions of limited partners interests or shares; and/or
- the net asset value may be otherwise affected.

During an insolvency procedure, our clients and/or their underlying funds will likely be unsecured creditors in relation to certain assets (including those which they had previously been

secured creditors), and, because of this, our clients and/or their underlying funds may be unable to recover the assets from the insolvent estate of the counterparty in full, or at all.

### ***Credit Default Swaps***

Our clients may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “protection buyer”) to transfer credit risk of a reference entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit default swaps carry specific risks, including high levels of gearing, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to meet its obligations to our clients if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative interpretation of, language used in the contract, most notably the language specifying what would amount to a credit event.

The Commodity Futures Trading Commission (the “CFTC”) has for many years enforced limits, referred to as “speculative position limits,” on the maximum net long or net short position that any person, or group of persons acting together, may hold or control in certain legacy agricultural futures contracts and options thereon. The CFTC has adopted rules that impose speculative position limits on additional futures contracts and options thereon (including cash-settled contracts) in certain agricultural and energy commodities. Additionally, speculative position limit rules apply to physical commodity swaps that are “economically equivalent” to the covered futures contracts. As a result, these rules could restrict trading activities in such contracts and swaps on behalf of our clients.

The CFTC has also adopted rules with respect to the treatment of positions held by a commodity pool, such as certain of our fund clients, for the purposes of determining compliance with speculative position limits. Futures positions of a client are allocated to the person or entity controlling trading decisions for that client. Currently, all of the positions held by all accounts owned or controlled directly or indirectly by members of the Systematica Group will be aggregated. Depending upon the total amount of assets being managed in client accounts that are controlled directly or indirectly by the Systematica Group, such position limits may affect our ability to establish particular positions in certain commodities for our clients or may require the liquidation of positions.

### ***Cryptocurrency Futures and Options***

Certain clients may trade newly developed contracts, such as Bitcoin futures and options contracts and such other cryptocurrency futures or options contracts which may become listed for trading on futures exchanges from time to time. In the United States, designated contract markets self-certify new futures and options contracts following consultation with the CFTC. Likewise, foreign regulatory authorities are typically required to authorize the trading of new futures and options contracts on exchanges within their countries. Periodically, designated

contract markets may self-certify new futures and options contracts and foreign regulatory authorities may designate additional contracts as approved contracts.

Accordingly, there is a limited price history for these contracts which we may use as inputs into our trading signals. There is no fundamental market supply and demand affecting cryptocurrency futures or options. Rather, the underlying spot market is predominantly composed of speculators. Therefore, cryptocurrency derivatives may experience significant price volatility. The rules of certain designated contract markets impose trading halts that may restrict the ability of a client's account to exit a position during a period of high volatility. The margin rates set by brokers and exchanges for cryptocurrency futures and options are significantly higher than for other futures and options contracts due to their novelty and volatility and may be set as a percentage of the value of a particular contract, which means that margin requirements for long positions can increase if the price of the contract rises.

Many futures commission merchants ("FCMs") currently do not permit their customers to trade in cryptocurrency futures and/or options or only allow certain customers to trade cryptocurrency futures and/or options. If a client's FCM were to impose restrictions on or prohibit such client from trading cryptocurrency futures and/or options, such client could incur significant losses.

### *Derivatives*

Our clients and/or their underlying funds may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of their investment policy and for hedging purposes. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in these instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In the event that a call for further margin exceeds the amount of cash available in a client, the client will be required to close out the relevant client. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Further, when our clients use derivatives for hedging purposes, there may be an imperfect match between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter contracts may involve additional risk since 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 a position or to assess the exposure to risk.

Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of our clients, incorrect collateral calls or delays in collateral recovery. Our clients may also sell covered and uncovered options on securities and other assets. To the extent that the options are uncovered, our clients could incur an unlimited loss.

## ***Emerging Markets***

Our clients may invest in emerging markets, and certain clients' investment strategies are focused on emerging markets, including in the Asia region and in particular mainland China. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, a client's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The fact that evidence of ownership of a client's portfolio of securities may be held outside of a developed country may subject the relevant client to additional risks, which include possible adverse political and economic developments, and the attendant risk of seizure or nationalization of foreign deposits. In addition, it may subject the client to the possible adoption of governmental restrictions which might adversely affect payments on securities or restrict payments to investors located outside the country of the issuers, whether from currency blockage or otherwise.

Furthermore, some securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries. In addition, dividend and interest payments from, and capital gains in respect of, certain securities may be subject to taxes that may or may not be reclaimable.

With respect to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of a

client, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the client's investments in those countries.

Where a client's assets are invested in narrowly defined sectors of a given economy, risk will be increased by potentially adverse developments within those sectors.

The securities of some issuers in developing countries are less liquid and at times more volatile than securities of comparable issuers in developed countries. Settlement procedures and trade regulations in developing countries may involve certain risks (such as delay in payment or delivery of securities or in the recovery of assets held abroad) and expenses not present in the settlement of investments in developed countries. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale.

Some emerging countries have laws and regulations that preclude direct foreign investment in the securities of local issuers. However, indirect foreign investment in exchange-traded securities of companies in these countries may be permitted through specially authorized investment funds. A client may invest in these investment funds. If the client invests in such investment funds, the investors will bear not only the expenses of the client, but also will indirectly bear similar expenses of the underlying investment funds.

### ***Enhanced Regulation of the OTC Derivatives Markets***

There has been an international effort to increase the stability of the financial system in general, and the OTC derivatives market in particular. In many jurisdictions, regulators have begun to require OTC standardized derivatives contracts to be cleared through central counterparties or, where appropriate, traded on exchanges or electronic trading platforms and that OTC derivatives contracts be reported to trade repositories and non-centrally cleared contracts should be subject to higher capital requirements.

Rules and regulations required under the Dodd-Frank Act that comprehensively regulate the OTC derivatives markets are in effect. The CFTC requires that certain interest rate and credit default index swaps be centrally cleared, and that certain interest rate swap and credit default index swap contracts be executed through a swap execution facility or designated contract market. Additional standardized swap contracts are expected to be subject to new clearing and execution requirements in the future. In addition, in November 2023, the SEC adopted regulations requiring registration of certain security-based swap execution facilities and related regulations. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the CFTC or the SEC, as applicable. The regulators have also adopted margin requirements that require the collection of initial and variation margin relating to OTC derivatives that are not required to be cleared. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called "end-users", our clients are not eligible to rely on those exemptions. In addition, the OTC derivatives dealers with which our clients execute the majority of their OTC derivatives will not be able to rely on the end-user

exemptions under the Dodd-Frank Act and therefore those dealers will be subject to clearing and margin requirements notwithstanding whether our clients are subject to those requirements. OTC derivatives dealers are required to post margin to the clearinghouses through which they clear their customers' trades instead of using margin in their operations for cleared derivatives. This will increase the OTC derivatives dealers' costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and possible new or increased fees.

The SEC and CFTC are also expected to increase the portion of derivatives transactions that will be required to be executed through regulated securities, futures, or swap exchange or execution facilities. These requirements may make it more difficult and costly for investment funds, including our clients, to enter into highly tailored or customized transactions. They may also render certain strategies in which our clients might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivatives dealers and major OTC derivatives market participants have now registered with the SEC and/or CFTC and the CFTC's broad interpretation of its jurisdiction has required additional dealers to register. Our clients or members of the Systematica Group may be required to register as major participants in the OTC derivatives markets if their swaps positions are too large or leveraged but the CFTC's and the SEC's definition of major swap participant and major security-based swap participant, respectively, make such registration unlikely. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers are also subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, limitations on conflicts of interest, and other regulatory burdens. These requirements may increase the overall costs for OTC derivatives dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. In addition, the CFTC in 2020 adopted federal speculative position limits for certain additional physical commodity contracts and other reference contracts, including, as of January 2023, economically equivalent swaps, which may limit the ability of our clients to concentrate on a particular type of contract. Our clients are also subject to recordkeeping and depending on the identity of the swaps counterparty, reporting requirements. While many of the requirements of the Dodd-Frank Act have been adopted, the final overall impact of the Dodd-Frank Act on our clients is uncertain, and it is unclear how the OTC derivatives markets will adapt to the final regulatory regime.

The European Market Infrastructure Regulation EU 648/2012 ("EMIR") (as it applies in the European Economic Area (the "EEA"), and in respect of the United Kingdom (the "UK"), as such Regulation applies in the UK pursuant to the European Union (Withdrawal) Act 2018 (as amended)), imposes certain obligations on parties to over-the-counter ("OTC") derivative contracts according to whether they are "financial counterparties" ("FCs") which includes EU or UK investment firms, alternative investment funds managed by alternative investment fund managers, credit institutions and insurance companies, or other entities which are "non-financial counterparties" ("NFCs").

FCs whose derivative positions in "eligible" OTC derivatives exceed any of the applicable clearing thresholds are subject to a general obligation (the "clearing obligation") to clear through a duly authorized or recognized central counterparty all "eligible" OTC derivative contracts

entered into with other counterparties subject to the clearing obligation, report derivative transactions and to apply to uncleared OTC derivative transactions certain risk mitigation measures, including in respect of exchange of bilateral initial and variation margin.

Entities established and managed outside the EEA or UK must be categorized in accordance with EMIR by their counterparties that are subject to EMIR, and the requirements under EMIR will generally apply to transactions entered into by our clients. If a client is categorized by EEA or UK counterparties such that the OTC derivative contracts entered into by such client would be subject to the clearing obligation, the risk mitigation requirements or both, such client would be required to ensure the OTC derivative contracts would comply with the requirements under EMIR, including requirement to ensure the OTC derivatives contracts are cleared (directly or indirectly), and that the contracts are collateralized in accordance with the requirements under EMIR. This may result in significant additional transaction costs, and could result in the sale of portfolio investments that are the subject of such derivative transactions and/or termination of relevant derivative agreements. Counterparties subject to EMIR may also be unable to enter into transactions with our clients. This could limit the ability of our clients to invest in portfolio investments. Any termination of a derivative agreement would expose the applicable clients to costs and, with respect to interest rate or foreign exchange derivatives hedging interest rate or currency exchange risk, to increased interest rate or currency exchange rate risk until the hedged assets can be sold. The requirements under EMIR may adversely affect our clients' ability to enter into derivative transactions and therefore impair our clients' ability to make investments. Compliance with the requirements of EMIR may result in increased transaction and compliance costs.

### ***European Union Designation of Non-Cooperative Jurisdictions for Tax Purposes***

The EU may from time to time designate jurisdictions (including the Cayman Islands and/or other jurisdictions in which some of our clients conduct business) as non-cooperative jurisdictions for tax purposes. Furthermore, the EU has sought to encourage EU member states to implement specific legislative tax measures in their domestic law relating to entities established in non-cooperative jurisdictions. These legislative measures may include non-deductibility of payments by entities in EU member states to entities established in non-cooperative jurisdictions, additional requirements under domestic controlled foreign company rules for entities in EU member states to include profits of entities established in non-cooperative jurisdictions, additional withholding tax on payments by entities in EU member states to entities established in non-cooperative jurisdictions, and limitation of the participation exemption on profit distributions from entities established in non-cooperative jurisdictions. If such legislative measures are implemented in individual EU member states, such measures may result in clients incurring liabilities to tax as a consequence of their investment activities that they would not otherwise be subject to and that such liabilities may reduce their returns. In addition, the designation may impact on the ability of clients to raise capital from investors domiciled in the EU.

### ***Potential European Union/Eurozone Exit***

Some economists advocate the exit of certain countries from the Eurozone, and political movements in some Eurozone countries also promote their country's exit from the Eurozone for



economic or political reasons, or both. It is possible that one or more countries may leave the Eurozone and return to a national currency (which may also result in them leaving the EU) and/or that the Euro will cease to exist in its current form, or entirely, and/or lose its legal status in one or more of the current Eurozone countries.

There are no historical precedents, and the effect of any such event on our clients is impossible to predict. However, any of these events might, for example:

- cause a significant rise or fall in the value of the Euro against other currencies;
- significantly affect the volatility of currency exchange rates (particularly for the Euro) and of the prices of other assets;
- significantly reduce the liquidity of some or all of our clients' investments (whether denominated in the Euro or another currency) or prevent a client from disposing of them at all;
- change, through operation of law, the currency denomination of cash, securities, transactions and/or other assets of our clients that are currently denominated in the Euro to the detriment of a client or at an exchange rate that members of the Systematica Group may consider unreasonable or wrong;
- adversely affect a client's ability to enter into currency hedging transactions and/or increase the costs of such transactions (which may prevent that client from allocating losses on currency hedging transactions in accordance with its usual allocation policies, or from protecting certain share classes against exposure to foreign exchange rates through hedging);
- affect the validity or interpretation of legal contracts on which a client relies;
- adversely affect the ability of a client to make payments of any kind or to transfer any of its funds between accounts;
- increase the probability of insolvency of, and/or default by, its counterparties (including prime brokers, custodians and any other account banks); and/or
- result in action by national governments or regulators which may be detrimental or which may serve to protect certain types of market participants at the expense of others.

Such factors could, individually or in combination with each other, impair a client's profitability or result in significant losses, prevent or delay that client from being able to value its assets and/or calculate its net asset value and affect the ability of the client to redeem interests and make payments of amounts due to investors. Although members of the Systematica Group might be able to identify some of the risks relating to the possible events described above, there might be no practicable measures available to them that would reduce the impact of such events on our clients.

In addition to the UK as described above under “Brexit”, certain other members of the EU (whether within or outside of the Eurozone) are reconsidering, or may in the future reconsider, their membership of the EU, and this could result in one or more countries leaving the EU. However, such a situation is likely to result in regulatory changes and economic, political and/or regulatory uncertainty for a prolonged period, which could impact our clients.

### ***Financing Arrangements; Availability of Credit***

Borrowings and leverage may be an integral part of a client’s strategies and may include the use of securities margin, futures margin, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. There can be no assurance that a client will be able to maintain adequate financing arrangements under all market circumstances.

Where a client makes use of such borrowings to initiate long or short positions and the positions decline in value, it will usually be subject to a “margin call”, pursuant to which it must either deposit additional funds with the lender or be subject to sanctions such as the mandatory liquidation of securities over which the lender has been granted security or a mandatory termination of all outstanding contracts with the lender and a claim for compensation for any losses incurred by the lender. In some cases, a margin call may be made even if the relevant positions have not declined in value. A client would normally satisfy such margin calls in cash or acceptable collateral from its assets and, to the extent that such collateral were insufficient, would liquidate certain assets to raise cash in order to satisfy the relevant margin call. In the event of a large margin call, our firm might not be able to liquidate assets quickly enough to pay off the margin liability. In such a case, the relevant lender may have the right, in its sole discretion, to liquidate certain assets of a client in order to enable the client to satisfy its obligations to that lender and/or to close out transactions.

As a general matter, the banks and dealers that may provide financing to a client can apply essentially discretionary margin, “haircuts”, financing and security and collateral valuation policies. Banks and dealers could change these policies at any time, for any reason, including a change in market circumstances, government, regulatory or judicial action or simply a change in the policy of the relevant bank. Changes by banks and dealers to one or more of these policies, or the imposition of other credit limitations or restrictions may be applied retrospectively to existing contracts as well as prospectively to contemplated future dealing. While our firm may seek to limit the rights of lenders to apply such retrospective changes, any such limitation will be subject to the agreement of the relevant lender, which may not be forthcoming. Retrospective changes may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Prospective changes may result in the inability of our firm to fulfil the investment objective. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel a client to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the client’s equity.

## ***Foreign Exchange Trading***

In general, foreign exchange rates can be extremely volatile, and market movements can be difficult to predict. Currency prices may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including, without limitation, exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries; political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and restrictions). Differences in the amount of volatility of the market from our expectations may produce significant losses to our clients, particularly in the case of transactions entered into pursuant to non-directional strategies.

Currency exchange rates and currency transactions are subject to certain risks arising from government activities, including those of the U.S. Federal Reserve Board, through regulation of or intervention on the currency markets, regulation of the local exchange market, restrictions on foreign investments by residents or limits on inflows of investment funds.

Regulation or intervention could adversely affect our clients' performance. Our clients' investment in securities issued or guaranteed by sovereign governmental entities may also present risk of loss in the event of a default by a government or government agency.

Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have significant impact upon prices. A variety of possible actions by various government agencies also can hurt the profitability of our clients' business or can result in losses. These events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses for clients. We employ various techniques to attempt to reduce a portion of the risks inherent in the trading strategy utilized on behalf of our clients. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Because of this, substantial risk remains that the techniques employed on behalf of our clients cannot always be implemented or effective in reducing losses.

The currency market allows investors to have a substantial degree of leverage. This leverage presents the potential for significant profits, but also entails a high degree of risk. Since clients may maintain currency positions with an aggregate value in excess of their net asset values, these include the risk that losses in excess of the amount invested will be sustained. These losses may result, for example, from significant directional movements in currency exchange rates. In times of significant volatility in the foreign exchange markets, margin requirements for exchange-traded futures or option contracts (in the context of exchanges that impose margin requirements) may be increased substantially. Any increase would reduce the degree of leverage and, therefore, the potential profitability to clients of the underlying positions. The degree of clients' leverage may also be reduced if any counterparty requires them to collateralize their contingent liabilities arising from over-the-counter forward, spot or option contracts.

### ***Forward Foreign Exchange Contracts***

Our clients and/or their underlying funds may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not the same in the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants that are electronically linked.

Documentation of transactions generally consists of an exchange of electronic messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell.

Transactions in forward foreign exchange contracts are not regulated by any regulatory authority and are not guaranteed by an exchange or clearing house. Our clients and their underlying funds will be subject to their counterparties' inability or refusal to perform with respect to these types of contracts. Any default would eliminate any profit potential and force our clients and their underlying funds to cover their commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

### ***Repurchase Agreements***

Clients from time to time will enter into repurchase agreements with banks and broker-dealers. A repurchase agreement is an agreement under which securities are acquired by a client from a securities dealer or bank subject to resale at an agreed upon price on a later date. The client bears a risk of loss in the event that the other party to a repurchase agreement defaults on its obligations, and such client is delayed or prevented from exercising its rights to dispose of the collateral securities. Such a default may subject such client to expenses, delays, and risks of loss including: (i) possible declines in the value of the underlying security while such client seeks to enforce its rights, (ii) possible reduced levels of income and lack of access to income during this period, and (iii) the inability to enforce its rights and the expenses involved in attempted enforcement.

### ***Highly Volatile Markets***

The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which our clients may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. These types of intervention are often intended directly to influence prices and may, together with other factors, cause all of these markets to move rapidly in the same direction because of, among other things, interest rate

changes. Our clients are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

### ***Identification and Exploitation of Investment Strategies***

The success of our clients' investment activities depends on the Systematica Group's ability to identify overvalued and undervalued credit situations and to exploit price differences in the financial markets, as well as to assess the impact of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by our clients involves a high degree of uncertainty.

Our clients may be adversely affected by unforeseen events, including:

- matters such as changes in interest rates or the credit status of an issuer or counterparty;
- forced redemptions of securities or acquisition proposals;
- break-ups of planned mergers;
- unexpected changes in relative values, volatility levels or liquidity conditions;
- an inability to short stock; or
- changes in tax treatment.

### ***Short Selling***

Our clients and the underlying funds in which our clients invest may engage in short selling of securities. Short selling may expose a portion of a client's or an underlying fund's assets committed to these activities to unlimited risk. Unlimited risk occurs where no upper limit exists on the price to which a security may rise. However, to the extent that one of our clients has exposure to short selling activities through an underlying fund, our client's losses will be limited to the amount invested in the particular underlying fund.

In past years, regulators have taken action to restrict taking short positions on certain securities. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for a number of market participants either to continue to implement their investment strategies or to control the risk of their open positions. As a result, our clients and their underlying funds may be constrained in fulfilling their investment objectives.

### ***Enhanced Regulation of Short Sales, Credit Default Swaps and Other Swaps***

A short sale involves the sale of a security that a fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To deliver to the buyer, a fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited loss due to an increase in

the market price of the security. A credit default swap is a derivative contract, typically negotiated over-the-counter, whereby credit exposure relating to a fixed income product is transferred to a counterparty. The purchaser of a credit default swap generally makes payments to its writer up until its maturity date and, in exchange, the writer agrees to pay a third party debt in case of default.

The EU regulation on short selling and certain aspects of credit default swaps (known as CDS) applies to short sales or and short positions relating to (a) the issued share capital of companies whose shares are admitted to trading on a regulated market or multilateral-trading facility in the EEA (unless the principal trading venue for the relevant shares is located in a country outside the EEA), and (b) debt instruments issued by an EEA sovereign issuer.

This regulation provides for the disclosure of net short positions in EEA listed shares and EEA sovereign debt. It applies to all natural or legal persons, irrespective of regulatory status, located inside and outside the EEA. The regulation also contains prohibitions on uncovered or “naked” short sales of EEA listed shares and EEA sovereign debt in certain circumstances, as well as a prohibition on uncovered CDS referencing EEA sovereign debt (i.e., where the investor does not have an exposure that it is seeking to hedge either to the sovereign debt itself or to assets or liabilities whose value is correlated to the sovereign debt). In addition, this regulation permits the competent authorities of EU member states to prohibit or restrict short sales, limit sovereign credit default swaps and impose emergency disclosure requirements, among other things, during times of stressed markets. Competent authorities may also restrict short sales of individual financial instruments which have suffered a significant fall in price in a single day. The provisions of the regulation may hinder the investment programs of our clients by preventing them from taking positions that our firm or our affiliates consider favorable. They may also result in overvaluations of certain financial instruments due to restrictions on market efficiency. In addition, the emergency powers granted to competent authorities during times of stressed markets and with respect to individual financial instruments may adversely affect our clients by preventing them from taking hedging positions or other positions that our firm or our affiliates consider to be in their best interests. The imposition of emergency measures under the regulation could, therefore, result in substantial losses to our clients.

### ***Sovereign Debt Crisis***

Government interference with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investments by residents, limits on flows of investments funds from abroad and debt moratoria, may expose clients to unanticipated losses.

There are increasing concerns regarding the ability of multiple sovereign entities to continue to meet their debt obligations. In particular, ratings agencies have downgraded the credit ratings of various countries. Many economies are facing acute fiscal pressures as they struggle to balance budgetary austerity with stagnant growth. Many observers predict that a depressed economic environment will cause budget deficits in these economies to expand in the short term and further increase the perceived risk of a default, thereby rendering access to capital markets even more expensive and compounding the debt problem.

### ***Transaction Costs***

Our clients' and their underlying funds' investment approaches may involve a high level of trading and turnover of investments. This investment approach may generate substantial transaction costs for which the relevant client or underlying fund will be liable.

### ***Error Trades***

Trade errors (including order errors and related operational errors), which may occur for a variety of reasons, including mistake of fact, processing error and other similar events, are an intrinsic factor in any complex investment process. The investment program employed by certain clients depends upon the reliability and accuracy of sophisticated quantitative models developed by the Systematica Group and on data generated, supplied, gathered, cleaned, culled, obtained and/or analyzed by the Systematica Group or by third parties, including in relation to the investment management process, and in valuing investments or potential investments, managing risk, hedging investments held by certain clients and in executing transactions. Models and data of this kind may have errors, omissions, imperfections and malfunctions which may not be detected despite the testing and monitoring that the Systematica Group implements. Equally, due to the automated nature of data gathering, the volume and depth of available data, the complexity and potentially manual nature of data cleaning, and the fact that the substantial majority of data comes from third-party sources, it is possible that not all desired and/or relevant data will be available to, or processed by, the Systematica Group at all times. The limitations referred to in the preceding two sentences (collectively "System Limitations") could lead to substantial or even total losses as a result of, for example, the inadequate gathering or organization of data, investment decisions being made on the basis of incomplete or inaccurate data, the execution of unintended orders, the failed or delayed execution of intended orders, the failure to take certain hedging or risk reducing actions and/or the taking of actions which unintentionally increase certain risks. Investors should assume that the foregoing System Limitations and their effect constitute an inherent risk of investing in a process-driven, systematic investment management program such as the one employed by certain clients.

Accordingly, investors will receive the benefit and bear the loss arising from trade errors, including arising from the reliance on the models and data referred to above and System Limitations, unless otherwise determined by the Systematica Group in accordance with its internal policies or as may be required by applicable law. None of the Systematica Group's members will be liable for losses caused by other persons. To the extent that a trade error is caused by a counterparty of a client, such as a broker or agent, our firm will seek to recover any related losses from such counterparty. Any gains from such trade errors may be offset against losses.

### ***Reliance on Our Intellectual Property***

Our clients' investment approach is based in whole or in part on mathematical models, which are implemented as automated computer algorithms, which our investment professionals have developed over time. The Systematica Group commits substantial resources to the updating and maintenance of existing models and algorithms as well as to the ongoing development of new models and algorithms. The investment strategies of certain clients rely on our intellectual

property. As market dynamics shift over time, a previously highly successful model may become outdated, perhaps without the Systematica Group recognizing that fact before substantial losses are incurred. There can be no assurance that our affiliates will be successful in maintaining effective mathematical models and automated computer algorithms.

### ***Reliance on Information Technology***

The operations of our clients depend on information technology systems of the Systematica Group and of third parties. Defects, failures or interruptions of such systems, including damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors, power outages and catastrophic events, could have a material adverse effect on our clients, including a failure or delay in trade execution or confirmation, inaccuracies in reporting, and inability to monitor the portfolios. Although we have adopted data protection and recovery policies, there can be no guarantee that such policies will adequately protect against losses in the event of systems' malfunction. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data.

### ***Sanctions***

In recent years, there has been an increase in the economic sanctions administered and enforced by the EU, the United States, the United Nations Security Council, the UK, the Cayman Islands and other relevant sanctions authorities. Sanctions authorities have continued to designate additional governments, entities and persons, and to impose new types of sanctions. Sanctions regimes can be complex in nature and may be narrowly targeted or broad in their application and may include, but are not limited to, trade embargos, economic sanctions or restrictions on trading in financial instruments. Multiple states or international organizations may issue sanctions against another state (which may itself issue counter sanctions), however, the terms of the sanctions may be similar or may differ and interpretation of the application of such regimes may require the Systematica Group to exert a substantial degree of subjective judgment. Sanctions impose restrictions and prohibitions on who may invest in our clients as well as the investments that our clients may make and maintain. For instance, if an investor in a client is designated under sanctions (either directly or as a result of the designation of its shareholders or principal owners), a client may be required to block or freeze its interest in the client and in such instance the client may be unable to accept further subscriptions from such investor. Further, if sanctions are issued which affect any of a client's investments, the client may be unable to deal in that investment or liquidate its positions until the applicable sanctions are lifted and the value of such investments may be materially adversely affected. Alternatively, a client may be required to sell the positions at a partial or total loss. Any failure by the client or the companies in which it invests to comply with the changing sanctions may result in the imposition of fines or penalties or more severe consequences. In addition, the implementation of widespread sanctions could have an impact on the global financial markets causing financial market volatility which could have an adverse effect on a client's investments. A client's counterparties may be similarly affected by their exposure to instruments or capital markets that are subject to applicable sanctions, which may in turn impact their ability to perform their obligations in respect of transactions with the client or otherwise cause a counterparty's failure to meet its financial



obligations. It is not possible to predict whether sanctions imposed in the future will affect any investor or the investments by a client, but any such sanctions could have a material effect on the client.

### ***Investments in Mainland China and Hong Kong***

Certain clients' investments may be comprised of exposure to commodities instruments and equities in mainland China and Hong Kong. Investments in mainland China and Hong Kong entail certain risks. There may be a possibility of nationalization or expropriation of assets, confiscatory taxation, political or financial instability and diplomatic developments that could affect the value of investments in mainland China and Hong Kong. The underlying commodity instruments and equities may be denominated and traded in RMB, and so the value of our clients' assets may be affected by currency exchange rates, currency exchange control regulations, withholding taxes and restrictions or prohibitions on the repatriation of assets. China does not expressly recognize the close out netting process provided for OTC derivatives contracts under the ISDA Master Agreement, and the Mainland China Bankruptcy Law provides the administrator of an insolvent entity with the power to selectively terminate or continue with the performance of executory contracts after the commencement of a bankruptcy proceeding. There may be less information publicly available about an issuer in mainland China or Hong Kong than about an issuer in other countries, and issuers in mainland China and Hong Kong are sometimes not subject to accounting, auditing and financial reporting standards and practices comparable to other jurisdictions. The onshore futures contracts entered into by a client in mainland China and Hong Kong may be subject to brokerage taxes levied by the government, which will have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such futures contract. Income received by a client may be reduced by withholding and other taxes imposed in mainland China and Hong Kong. Any such taxes paid by a client will reduce its net income or return from such investments. While members of the Systematica Group will take these factors into consideration in making investment decisions for clients whose investment strategy involves mainland China or Hong Kong, no assurance can be given that these risks can be fully avoided.

Expenses may be incurred on the conversion of RMB to U.S. dollars and vice versa. Increased custodian costs as well as administrative difficulties (such as the applicability of mainland Chinese and Hong Kong laws to the onshore custodians used by a client, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the holding of assets in mainland China and Hong Kong.

A change in the value of the RMB against the U.S. dollar will result in a change in the U.S. dollar value of a client's assets.

### ***Underlying Funds***

Our clients' underlying funds may invest in and actively trade instruments with significant risk characteristics, including, but not limited to, risks arising from:

- the volatility of securities;

- financial futures;
- derivatives;
- currency and interest rate markets;
- the leverage factors associated with trading in these markets and instruments;
- tax risks; and
- the potential exposure to loss resulting from counterparty defaults.

There can be no assurance that an underlying fund's investment program will be successful or that the investment objective of an underlying fund will be achieved.

### ***Investment Vehicles***

Our clients may form investment vehicles and structure their economic interest in such investment vehicles through a variety of means, including without limitation by holding equity interests, debt instruments (including debt instruments secured on the assets of the relevant investment vehicle) or derivatives, or a combination thereof.

Third parties may also have ownership and/or economic interests in such investment vehicles, which may rank senior to the interests of our clients in them. Investment vehicles may make a number of investments, some of which may not be for the benefit of our clients. In the event of losses attributable to a particular investment (which may not be for the benefit of a client), or the insolvency of an investment vehicle (which may be caused, or contributed to, by an investment or investments not for the benefit of a client), or other event affecting an investment vehicle, a client could be subject to significant losses.

## **6. Disciplinary Information**

None of the members of the Systematica Group or any management person has been involved in any criminal or civil actions in a domestic, foreign or military court.

None of the members of the Systematica Group or any management person has been subject to an administrative proceeding before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

## **7. Other Financial Industry Activities and Affiliates**

None of the members of the Systematica Group or any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

None of the members of the Systematica Group or any of our management persons is registered, or has an application pending to register, as a futures commission merchant or is an associated person thereof.

Our principal, Leda Braga, owns, directly or indirectly, a majority shareholding in, and maintains control over and carries out the management of, the Systematica Group.

Systematica Investments Limited owns Systematica GP I Limited, a Cayman Islands exempted company, and Systematica GP II Limited, a Cayman Islands exempted company, each of which acts as managing general partner or general partner to certain of our clients. In addition, 1888 Systematica Global Macro GP Limited acts as general partner to a client. Although each of Systematica GP I Limited, Systematica GP II Limited and 1888 Systematica Global Macro GP Limited is under ultimate common control with us, it has at least a majority of independent directors.

Further information regarding Systematica Investments Limited and its affiliates is available on Systematica Investments Limited's Form ADV.

The following entities, which directly or indirectly provide trading, certain compliance support, legal, finance and accounting, human resource, information technology, software and middle and back office, marketing, trade execution, implementation and technology, certain modeling and strategy research and certain other services for members of the Systematica Group and our clients, are under ultimate common control with us:

- Systematica Investments Singapore Pte. Ltd, a private limited company incorporated in Singapore;
- Systematica Investments UK LLP, an English limited liability partnership;
- Systematica Investments Services Limited, an English private company limited by shares;
- Systematica Investments Shanghai Co., Ltd., a Chinese limited liability company; and
- Systematica Investments US LLC, a Delaware limited liability company.

Each of Systematica Investments Singapore Pte. Ltd and Systematica Investments UK LLP is registered with the U.S. Securities and Exchange Commission as an investment adviser.

We utilize certain affiliated entities to directly or indirectly provide certain marketing, trading and trade execution and back-office services for the Systematica Group and our clients.

Systematica Investments Limited supervises and monitors the other members of the Systematica Group and other services providers and seeks to ensure that these entities comply with the Systematica Group's policies.

For the strategy and other relevant information for each client that the members of the Systematica Group manage, please see Item 4: Types of Clients.

We act as a commodity trading adviser to certain clients. Systematica Investments Limited is registered as a commodity pool operator and as a commodity trading advisor under the U.S. Commodity Exchange Act, as amended, with the CFTC and is a member of the U.S. National

Futures Association. Systematica Investments Limited has filed and maintains a claim of exemption pursuant to CFTC regulation 4.7 in connection with acting as the commodity pool operator of our clients that are commodity pools.

We do not have any arrangements with the following types of related persons that we believe create a material conflict of interest:

- a broker-dealer, municipal securities dealer or government securities dealer or broker;
- an investment company;
- a futures commissions merchant, commodity pool operator or commodity trading adviser;
- a banking or thrift institution;
- an accountant or accounting firm;
- a lawyer or law firm;
- an insurance company or agency;
- a pension consultant; or
- a real estate broker or dealer.

We do not recommend or select unaffiliated investment advisers for our clients, receive compensation directly or indirectly from unaffiliated advisers that will create a material conflict of interest or have other business relationships with them that will create a material conflict of interest.

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

Members of the Systematica Group have established a Code of Ethics that sets forth standards of ethical conduct for our professionals. Our employees must seek to avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of our clients as a whole.

Our code of ethics mandates that our employees will at all times:

- place our collective clients' interests ahead of the interests of the firm;
- only engage in personal investing that is in full compliance with our Code of Ethics, including the personal account dealing policy;
- abide by our market abuse policies; and

- avoid taking advantage of the employee's position of employment by accepting investment opportunities, gifts or other gratuities from individuals seeking to conduct business with the Systematica Group, other than in accordance with our gifts and entertainment policy.

Additionally, our Employee Handbook provides for a range of sanctions, as deemed appropriate by our senior management, should anyone violate the Code of Ethics. These sanctions include, but are not limited to, a warning, suspension or dismissal.

In addition, we have established policies and procedures that address, among other things, potential conflicts of interest that might arise in the management of our clients.

The paragraphs above only represent a summary of key provisions in our Code of Ethics. We will provide a copy of our entire Code of Ethics to any prospective client, any client or any investor in our clients upon request.

We generally do not buy securities from or sell securities to our clients. However, we may engage in these transactions in certain limited circumstances. These types of transactions are known as "principal transactions." This could potentially create a conflict of interest between the Systematica Group and a client. As a result, we have established the following policies and procedures that address these principal transactions in order to minimize any conflicts of interest:

- Members of the Systematica Group or their employees may not enter into a principal transaction with a client if any employee, or any person controlling, controlled by or under common control with, a member of the Systematica Group receives compensation from any source for acting as broker for the transaction.
- Each principal transaction shall be effected for cash consideration at the current market price of the security, based on current sales data relating to transactions of comparable size. If no comparable sales data are available on the day in question, then the transaction shall be effected at a price equal to the average of the highest current independent bid and lowest current independent offer determined on the basis of reasonable inquiry. Restricted securities or securities for which market quotations are not readily available may not be the subject of a principal transaction. No brokerage commission, fee (except for customary transfer fees) or other remuneration shall be paid in connection with any principal transaction. Trading desks may deviate from this policy and/or formulate different procedures covering their desks, but only with the prior approval of the Chief Compliance Officer.
- Before the execution of the transaction, the relevant member of the Systematica Group will prepare a brief memo discussing the proposed transaction, including the proposed price, any potential commissions, the reason for the transaction and any other material information about the transaction. The Systematica Group's Chief Compliance Officer must approve the memo before the execution of the transaction.
- The approval must be available to the client for review, and a knowledgeable representative of the Systematica Group must be available to answer any questions

about the transaction.

- The client must consent to the transaction before its execution.

Finally, these entities may deal with our clients as a principal or agent as long as the transactions are completed as if they were made on normal commercial terms and negotiated on an arm's length basis.

In the event that a member of the Systematica Group causes one client to purchase an investment from another client (known as a "cross trade"), there may be a conflict of interest in how the relevant member of the Systematica Group allocates that trade. As a matter of policy, the Systematica Group will generally avoid internal cross trades between clients. However, the Systematica Group may from time to time execute "external cross transactions"; provided that (i) lower transaction costs are available, (ii) such orders do not work to the disadvantage of any client and (iii) aggregation is consistent with the Systematica Group's best execution policy. These types of transactions are executed with an intermediary broker, incurring an incremental spread, with no clients facing one another and with the Systematica Group maintaining its position as manager of the execution. These transactions will only take place provided they are done in the best interest of the participating clients, at a market rate and with an intermediary broker facing both transactions to ensure that no opposing clients face each other. The member of the Systematica Group will try to ensure that any conflict of interest that we become aware of is resolved fairly. Prior to execution of a cross transaction, a person familiar with the trade will be responsible for checking that the transaction is performed at a fair price and is in the best interests of each participating client. In the event that existing market conditions do not allow to match current market prices at the time of the external cross transaction, the person responsible for the transaction must prepare a memorandum explaining the rationale behind the transaction and have it reviewed and approved by the Chief Compliance Officer before the trade can be executed.

Principals and employees of the Systematica Group may buy and sell for themselves securities that they also buy and sell for our clients. This could create a conflict of interest if our principals and employees receive more favorable execution prices than do our clients because our principals' and employees' trades might have driven up the market prices of target securities. However, we contain this conflict through the personal account dealing policy for all of our staff below.

## **Purpose**

The activities related to personal account transactions which are prohibited are those:

- which give rise to a conflict of interest with the Systematica Group's regulatory obligations to our clients;
- which involve insider dealing (including dealing ahead of a client order), disclosing inside information other than in the proper course of the exercise of employment, market manipulation or any other behavior prohibited under market abuse rules, including but not limited to the European Union Market Abuse Directive;

- which involve advising or procuring, other than in the proper course of employment, any other person to enter into a transaction which would be covered by the above; or
- which involve disclosure, other than in the proper course of someone's employment, of any information or opinion to another person where the person disclosing that information knows, or ought reasonably to know, that the person receiving that information is likely either to deal based on that information or to encourage another to deal.

## **Application**

This policy applies to dealings by:

- all of the Systematica Group's personnel including all employees in all of our offices, wherever located, and their spouses, family members and others living in their households, business partners, trusts or corporations directly or indirectly controlled by such persons, any other person who might receive material information from any of such persons; and by
- any person whose relationship with a member of the Systematica Group's personnel results in the member of the Systematica Group's personnel having a direct or indirect material interest in the outcome of the transaction.

These procedures do not apply to:

- transactions entered into, without consultation with our employee, through a discretionary account;
- transactions in life assurance policies;
- transactions in mutual funds; and collective investment schemes (except those managed by the Systematica Group);
- transactions in OECD sovereign government bonds;
- cash deposit accounts (e.g., bankers acceptances, bank CDs and time deposits, money market funds, commercial paper and/or repurchase agreements); or
- foreign exchange transactions.

## **Permission to Deal**

As noted above, the Systematica Group's personnel or their related persons must obtain approval from our compliance department before undertaking a personal account transaction in investments in relation to all types of investments, including, but not limited to:

- equity securities (both publicly quoted and private, and including initial public offerings and capital raisings);

- contracts for difference or spreadbets (including spreadbets on indices);
- warrants;
- bonds (including convertible bonds);
- commodities;
- indices;
- exchange-traded futures;
- limited partnerships;
- futures and options; and
- derivatives or similar financial instruments where the underlying asset is any of those listed above.

As part of the approval process, our compliance department may seek approval for the transaction from the head of the relevant trading desk (or another relevant senior investment professional). We do not require our personnel to obtain this approval themselves. Approvals to deal are valid until close of business on the day following the date on which approval is given. The term “close of business” applies to the market in the country in which the individual is based. Regardless of any permission granted, no dealing may take place if, at the time of dealing, the person with the approval is in possession of material, non-public information about the relevant security.

There is a minimum holding period of one month for all personal account transactions. This holding period applies from the date of execution.

Employees may not sell an investment to, or buy from, any client unless the Compliance department has pre-approved such transaction.

Below is a summary of the procedure for obtaining approval for personal account transactions:

- The Systematica Group’s employees must submit a trade request using our dedicated online and centralized compliance system, StarCompliance.
- Our compliance department will review the trade request in the system and issue a notification to the employee approving or denying transaction. The decision will be logged in the system. The employee must wait for approval before dealing.

### **Disclosure of Personal Account Transactions and Certification of Holdings**

The Systematica Group’s personnel must arrange for our compliance department to receive promptly a copy of the contract note/confirm for each personal account transaction within seven days of trading. While arrangements can be made to have the contract notes/confirm provided



directly to our compliance department by the broker used for the transaction, responsibility for providing the information remains with the employee. Failure to provide contract notes/confirms may prevent approval of further personal account transactions.

### **Certification of Holdings**

The Systematica Group's personnel are required to make initial disclosure of their holdings in all investments covered by this policy at the time they begin employment at the Systematica Group. The Systematica Group's personnel are also required to certify to our compliance department, on an annual basis, details of all holdings in all investments covered by this policy. Certain employees (as determined by the compliance department) are required to report these holdings on a quarterly basis.

Please see the disclosure immediately above for a description of how we generally address conflicts that arise in the sale of securities between clients.

## **9. Brokerage Practices**

In determining which brokers, dealers and counterparties we use, and when we place portfolio transactions and negotiate commission rates, the Systematica Group generally seeks to obtain the best execution for our clients' portfolios, and we take into account factors such as the following:

- ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the size of order and difficulty of execution;
- confidentiality and/or other disclosure issues;
- the financial strength, integrity and stability of the broker;
- the Systematica Group's risk in positioning a block of securities;
- creditworthiness of the broker; and
- the competitiveness of commission rates in comparison with other brokers satisfying the Systematica Group's other selection criteria.

### **Research Payment Accounts**

Members of the Systematica Group have established and may continue to establish from time to time one or more "Research Payment Accounts" on behalf of certain clients to pay for investment research, which are funded by such clients in accordance with an agreed budget. Such accounts have been established and operated in accordance with the policies of the Systematica Group and, where relevant, the rules, guidance, principles and codes comprised in the Handbook of Rules and Guidance issued by the Financial Conduct Authority of the United Kingdom.

To the extent applicable, members of the Systematica Group will also operate within the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Members of the Systematica Group may receive for their own benefit certain goods or services from time to time from service providers to clients which are regarded as acceptable minor non-monetary benefits within the meaning of the relevant rules. However, our firm generally does not enter into soft dollar arrangements.

### **Referrals in Selecting or Recommending Broker-Dealers**

We do not receive referrals for clients from any broker-dealers. For more information on our affiliates, please see Item 7: Other Financial Industry Activities and Affiliates.

### **Directed Brokerage**

As our clients are all private investment funds and separately managed accounts managed by the Systematica Group, members of the Systematica Group select all broker-dealers and do not permit our clients to direct brokerage.

### **Aggregation of Trades – Policies and Procedures**

Where possible, we combine orders on behalf of our clients if we decide to invest in the same security for more than one client. In these cases, we will allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on a pro rata basis among the clients participating in the transaction. While the combining orders in this way may, over time, benefit all clients, in particular cases, mainly due to rounding, the pro-rata allocation could be less advantageous to one client than if that client had been the only participant in the transaction or had completed its transaction before the other clients. In addition, aggregation may on some occasions operate to the disadvantage of one or more clients whose transactions are to be aggregated, due to the larger order size impacting market timing and the corresponding price at which the order is fulfilled.

## **10. Review of Accounts**

### **Fund Clients**

As described above in Item 5: Method of Analysis, Investment Strategies and Risk of Loss, our clients follow systematic and quantitative strategies. As such, the strategies systematically adjust a client's positions within each market, and hence achieves a dynamic distribution of risk, according to proprietary signals and market risk level. Our risk group risk determines appropriate risk limits for our clients. The limit sets applied are determined on the basis of its investment approach and the applicable regulatory requirements. Many of the limits are encoded into the execution platform so that, for instance, exchange limits are respected across the entire trading platform pre-trade. Other limits ensure that a client maintains a given liquidity profile by comparing the position size to daily trading volumes and open interest, or restrict the maximum size of a trade that can be executed.

With respect to our fund of funds clients, we allocate the assets of these fund of funds clients equally across their underlying funds and therefore we monitor these clients on any subscription or redemption day.

### Managed Accounts

Our managed accounts are managed using a fully systematic proprietary method that has the main goal of balanced risk apportionment across securities and sectors to allocate to these client accounts. There are no fixed selling levels or fixed profit taking levels. The team reviews the systematic trading model quarterly.

Investors in our clients that are hedge funds or funds of hedge funds receive the following written reports regarding the client or clients in which they have invested:

- Weekly net asset value estimates;
- Monthly final net asset value calculations;
- Monthly “value-at-risk” reports;
- Monthly profit and loss comparisons; and
- Annual and, when appropriate, semi-annual financial reports.

## **11. Client Referrals and Other Compensation**

To the extent that commissions paid to brokers are shared with third parties from whom we may obtain data and research, the Systematica Group may be deemed to receive a benefit. For more information on our “soft-dollar” practices, the potential conflicts of interest and how we will resolve them, please see Item 9: Brokerage Practices.

Other than any potential benefits discussed in this brochure, the Systematica Group does not, nor do any of the principals or employees of the Systematica Group, benefit from non-clients providing investment advice or other advisory services to our clients.

## **12. Custody**

With respect to our U.S. clients, we are deemed under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, to have custody of these clients’ funds due to (i) our access to fund clients and authority to instruct the administrator to deduct fees and other expenses from a fund client’s account and (ii) services provided by us and other members of the Systematica Group, including as general partners of certain of our fund clients.

We utilize the services of banks or other qualified custodians (as defined under Rule 206(4)-2) to hold all assets of these clients. We also endeavor to ensure that the qualified custodians maintain these funds in accounts that contain only clients’ funds and securities, under the client’s name or our name as agent or trustee for the clients.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, we are not subject to this requirement because all fund clients managed by the Systematica Group are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In these cases, we expect to distribute audited financial statements to all investors in our fund clients within 120 days of the end of the fiscal year of the client.

The Systematica Group does not have custody of the assets of certain of our managed account clients. These clients will receive account statements directly from their custodians.

### **13. Investment Discretion**

We accept discretionary authority to manage our clients' securities accounts. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' private offering documents and/or managed account documentation. These documents cover various matters, including:

- the types and amounts of securities of which a client's portfolio will consist;
- portfolio allocation limitations; and
- the degree of risk assumed by a client's portfolio.

Before we accept the discretionary authority inherent in managing our clients, we carefully review the investment strategies and investment programs set out in the appropriate offering documents. By completing subscription documents to acquire an interest in one of our clients, investors give Systematica Investments Limited complete authority to manage their investments in accordance with the offering documents that they each received. Systematica Investments Limited, acting as agent for certain clients, then appoints us as a sub-investment manager to perform investment management services to those clients in its place, acting as agent of such clients.

Before we provide investment advice to managed account clients, each client appoints Systematica Investments Limited as agent and attorney-in-fact of its portfolio. Systematica Investments Limited, acting as agent for certain clients, then appoints us as a sub-investment manager to perform investment management services to those clients in its place, acting as agent of such clients. This gives us complete discretionary authority to buy and sell any investment securities and instruments in the amounts and at the prices that we determine, subject to any restrictions that may be imposed in the client's managed account agreement.

### **14. Voting Client Securities**

#### **Proxy Voting Policies**

In accordance with our proxy voting policy, we abstain from voting when:

- we reasonably believe that the outcome of the vote has been decided, regardless of

how we may vote;

- the subject of the vote is not material to the interest of our client;
- the outcome of the matter is immaterial to the overall value of the client interest or otherwise outweighed by the cost of determining how to vote such matter; or
- whenever it is in the overall best interest of the client to abstain from voting.

Given that we use systematic trading models for our clients and given that we invest on behalf of our clients across a wide range of markets, we generally abstain from proxy voting as a matter of policy.

Members of the Systematica Group may hire independent third parties to provide certain proxy voting and record-keeping services in accordance with this policy. Members of the Systematica Group will monitor the performance of these proxy voting services to ensure their compliance with the Systematica Group's policies.

The Systematica Group's policy requires the relevant member of the Systematica Group to maintain a record of all proxy votes cast on behalf of our clients. In addition, we may rely upon third-party service providers to maintain the records of votes cast as long as those service providers have agreed to provide a copy of the records promptly upon our request.

In the event there is a conflict of interests or potential conflict of interests in voting a proxy, the Systematica Group's Chief Compliance Officer will determine whether the conflict is material. If a conflict is not considered material, the relevant member of the Systematica Group may vote the relevant proxy normally and as described in this policy. If a conflict is deemed material, the member of the Systematica Group will hire an impartial third party to vote the proxy on its behalf, or may use any other method the Systematica Group's Chief Compliance Officer deems appropriate under the circumstances and given the nature of the conflict of interest.

The Systematica Group will provide a copy of the proxy voting policies and information regarding any proxies actually voted by the Systematica Group to any client, including any investor in a client, upon the request of the client, at no cost.

In limited situations, the Systematica Group may not have the authority to vote on certain clients' securities. In these cases, clients may contact us, at any time, with questions about a particular proxy solicitation.

## **15. Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not believe any financial condition exists that is reasonably likely to impair our ability to meet contractual commitments to our clients. No member of the Systematica Group has ever been the subject of a bankruptcy petition.