

**BROCHURE OF**  
**FNY INVESTMENT ADVISERS, LLC**

A Delaware limited liability company registered with the Securities and Exchange  
Commission as an investment adviser (CRD # 295433)

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**THIS BROCHURE (“BROCHURE”) PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF FNY INVESTMENT ADVISERS, LLC AND ITS RELYING ADVISERS, FNY GP LLC AND INFINITY CAPITAL MARKETS LTD, WHICH MAY PROVIDE INVESTMENT ADVISORY SERVICES UNDER THE ASSUMED NAME “FIRST NEW YORK”. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (212) 848-0600 OR INFO@FIRSTNY.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AUTHORITY.**

**ADDITIONAL INFORMATION ABOUT FNY INVESTMENT ADVISERS, LLC IS ALSO AVAILABLE ON THE SEC’S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

The date of this Brochure is

**March 28, 2024**

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about the Firm. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

There have been no material updates since the Firm's filing on March 31, 2023.

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## Item 4 – Advisory Business

FNY Investment Advisers, LLC (“FNYIA”) is a Delaware limited liability company formed on September 1, 2017 that is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). FNYIA is owned by FNY Holdings, LLC (“FNYH”). FNYIA, together with the relying advisers, FNY GP LLC (“FNYGP”) and Infinity Capital Markets Ltd. (“ICM”), provide discretionary investment management services to its advisory clients. FNYIA, FNYGP and ICM shall be collectively referred to herein as the “Firm.” The Firm is managed by Donald Motschwiller. The Firm may provide its services under the assumed name “First New York.” The Firm maintains offices in New York, Florida and London.

The Firm provides discretionary investment management services to its advisory clients, including private pooled investment funds and separate accounts. The Firm provides these services in accordance with the prospectus, limited partnership agreement (or analogous organization document), offering materials, separate advisory agreement, investment management agreement, portfolio management agreement, asset management agreement or sub-advisory agreement (each, an “Advisory Agreement”) applicable to the client.

FNYIA and ICM currently serve as investment advisers to FNY Partners Fund LP (“FNYPF”), a private investment fund offered pursuant to Regulation D of the Securities Act of 1933, as amended, exclusively to FNYGP and accordingly to FNYGP’s members. As of the date hereof, the members of FNYGP are also members of FNYH and trade or provide services on behalf of the Firm. FNYIA may also serve as an investment adviser or sub-adviser to other privately-offered investment vehicles formed as limited partnerships, limited liability companies or offshore corporations. FNYPF and these privately-offered investment vehicles are each referred to herein as a “Fund” and collectively, as the “Funds,” unless otherwise specified or as indicated by the context. The Funds are not made available to the general public and are not registered investment companies. In addition, FNYIA serves as investment adviser or sub-adviser to separate account clients, which may include financial institutions, operating companies and other institutional clients, and high net worth individuals, and their affiliated trusts and other family entities. Accounts are each referred to herein as an “Account” and collectively, as the “Accounts.” The Accounts may utilize similar strategies generally employed by one or more of the Funds, and may have modified investment guidelines that are tailored to the specific objectives of the client.

FNYGP serves as the general partner of FNYPF and in the future may serve as the general partner or managing member to the Funds managed by FNYIA that have been created as limited partnerships or limited liability companies, respectively. The members of FNYH are also the members of FNYGP and accordingly, FNYIA, FNYGP and ICM are under common control and share the same principal business. The management and supervised persons of FNYIA also serve in the same or similar capacity for FNYGP and ICM. Effectively, FNYIA, FNYGP and ICM conduct a single advisory business. Accordingly, FNYIA, FNYGP and ICM are registered as investment advisers with the SEC.

The Firm specializes in providing a variety of alternative investment strategies set forth in Item 8, which are carried out by FNYIA and ICM portfolio managers (“Portfolio Managers”), analysts, trading, trade execution and operational support personnel, portfolio finance personnel, risk management personnel, internal recruiting professionals, and other investment team-related support personnel (collectively, the “Investment Team”). Investment Team members may be employees of FNYIA, ICM or their affiliated entities or may be exclusive or non-exclusive third party contractors. FNYIA has an investment committee made up of three members, Donald Motschwiller, Fred DiMaria and David Abramson (the “Investment Committee”). The Investment

Committee is responsible for establishing the investment strategy of the Funds and Accounts and supervising the Portfolio Managers and Third Party Managers providing advice to the Funds and Accounts. FNYIA delegates authority to make investment decisions with respect to the various Funds and Accounts to one or more sub-advisers based on their particular investment strategy, style or area of investments (the “Sub-Advisers”). The Sub-Advisers have discretionary authority to trade in separately managed accounts (“SMAs”) in the name of one or more Funds or Accounts, subject to the general oversight of FNYIA pursuant to the sub-advisory agreements. In addition, FNYIA may allocate Fund or Account capital to pooled investment funds including private funds relying on an exemption from the definition of “investment company,” including Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, commonly referred to as “hedge funds” (the “Underlying Funds”) managed by independent portfolio managers (“Underlying Managers”) that employ a broad range of alternative investment strategies. As used herein, the term “Third Party Managers” refers to the Sub-Advisers and the Underlying Managers, unless otherwise specified or as indicated by the context.

Clients may impose certain restrictions and limitations in their Advisory Agreement. For the Funds, investment advice is provided directly to such vehicles, subject to the discretion and control of the Fund’s general partner (or analogous party), and not to the individuals. Investment restrictions of the Funds, if any, are generally established in the organizational or offering documents of the applicable vehicle, or in the Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund. For Account clients, investment advice is provided directly to the client, subject to the discretion and control of the client. Account clients may impose investment guidelines and/or restrictions that will be considered in managing the Accounts. Such restrictions, if any, are generally established in the organizational documents of the applicable client or in the Advisory Agreements with the client.

The Firm currently does not participate in wrap fee programs.

As of December 31, 2023, the Firm had approximately \$1,887,308,989 in assets under management on a discretionary basis.<sup>1</sup> The Firm does not currently manage assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

The Funds and Accounts managed by the Firm are generally charged a management fee and performance fee. The amount and manner in which management fees are assessed by the Firm is based on contractually specified percentages set forth in each Advisory Agreement.

The management fee paid by each Fund and/or Account will vary between 0.00% and 2.00% per annum of the net asset value of the Fund or Account. In addition, a Fund may have more than one class of interests, each of which may pay a different management fee. Generally, the management fees are payable monthly in arrears and calculated as of the last day of each month or on the withdraw date. The Firm deducts the management fee from certain client accounts.

The management fee paid by FNYPF to FNYIA is 1.50% per annum of the net asset value of FNYPF. In addition, the management fee paid by FNYPF to ICM is 0.50% per annum of the net asset value of FNYPF. The foregoing management fees are payable monthly in arrears and calculated as of the last day of each month.

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<sup>1</sup> Determined in accordance with the Form ADV Instructions, Amended Form ADV, Part 1A, Schedule D, Item 5.K.(2).

The Firm believes that its fees, charged to third party Funds and Accounts, are competitive with those charged generally by other investment advisers for comparable services. However, some investment advisers may provide comparable services for lower or different fee structures. Performance fees, as discussed in Item 6, are only charged in accordance with applicable rules and regulations, including Rule 205-3 under the Advisers Act and the Employee Retirement Income Security Act (“ERISA”) as applicable.

#### *Additional Fees and Expenses*

The Firm’s fees are charged separately, net of any brokerage commissions, transaction fees, Fund fees or other Fund or Account related costs and expenses (which are incurred by the Fund or Account, and may include legal and accounting costs).

The Advisory Agreement of each Fund or Account provides a description of any additional fees and expenses for which Fund or Account client may be responsible in addition to the management fees and any performance-based allocations or fees. Generally, each client is responsible for all costs and expenses relating to the organization and operation of such Fund or Account, including, without limitation, (i) administration fees and expenses, whether such services are performed by a third party or an affiliate thereof; (ii) audit fees; (iii) brokerage commissions, clearing and settlement charges; (iv) prime brokerage fees, custodial fees, other bank service fees; (v) interest and other expenses incurred in respect of borrowings, if any; (vi) due diligence-related expenses, including, without limitation, third-party consultants and related travel; (vii) expenses associated with information, communication and periodic reporting; (viii) expenses incurred in connection with legal and regulatory compliance with U.S. federal, state, local and non-U.S. or other laws or regulations; (ix) financial statements, tax returns and Schedules K-1 (if applicable); (x) insurance premiums; (xi) legal fees, including costs of litigation involving the Funds or Accounts and the amount of any judgments or settlements paid in connection therewith; and (xii) marketing expenses incurred in connection with fundraising activities.

The Funds (other than FNYPF) do not pay the operating and overhead expenses of the Firm.

Currently, FNYPF pays or reimburses the Firm or its affiliates for (a) all expenses incurred in connection with the ongoing offer and sale of interests, including but not limited to printing of the memorandum and exhibits, documentation of performance and the admission of members; (b) all operating expenses of FNYPF, including the management fees, any fees payable to Third Party Managers, compensation to the Portfolio Managers and personnel of the Firm and its affiliates (such as salaries, bonuses, benefits, payroll taxes and insurance), tax preparation fees, governmental fees and taxes, dividends and taxes, insurance (including liability insurance and other coverages for the benefit of FNYPF, the Firm, their affiliates and their personnel), ordinary office overhead expenses (rent, furniture and equipment, supplies), depreciation, travel and entertainment, ongoing legal, accounting, auditing, bookkeeping, technology and other professional fees and expenses; (c) all fees to protect or preserve any investment held by FNYPF, as determined in good faith by the Firm, including all fees and expenses in connection with the enforcement of the FNYPF’s rights and remedies with respect to any asset; (d) all direct and indirect FNYPF trading costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges) and expenses associated with trading systems, research and market data services and communication systems and any risk management systems employed by the Firm to monitor and/or oversee the activities of the Portfolio Managers and Third Party Managers; (e) all fees in connection with proxy contests or to protect or preserve any investment held by FNYPF, as determined in good faith by the Firm; (f) any governmental, regulatory, licensing, filing or registration fees incurred in compliance with the rules of any self-regulatory organization or any

federal, state or local laws; and (g) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Firm, FNYPF and its affiliates, processors and successors. All such operating expenses of the Firm and FNYPF shall be paid from the assets of FNYPF. The Firm in its sole discretion, may from time to time pay for any of the foregoing FNYPF operating expenses or waive their right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement. The Firm causes FNYPF to allocate certain direct and indirect expenses to the Firm to the extent that services are provided exclusively to the Firm. All allocations of recorded expenses to the Firm must be reasonable and applied on a consistent basis. The Firm has adopted policies and procedures designed to ensure the Firm's compliance with the foregoing.

#### *Acquired Fund Fees and Expenses*

Fund investors and Account clients incur all fees and expenses applicable to an investment in an Underlying Fund or other investment companies, including asset-based, performance-based, carried interest, incentive allocation and other compensation payable to the managers in consideration of the managers' services to the Underlying Funds, as well as any fees paid for advisory, administration, distribution, 12b-1, shareholder servicing, sub-accounting, sub-transfer agency and other services. All fees and expenses of the Underlying Funds and other investment companies are generally in addition to the fees paid to the Firm.

#### *Additional Compensation of Supervised Persons*

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

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

As described in Item 5, the Firm may receive a performance-based fee from its Fund and Account clients in addition to a management fee.

The performance fee paid by each Fund (excluding FNYPF) or Account to the Firm at the close of each fiscal year varies primarily between 10.00% and 50.00% of each Fund's or Account's annual new appreciation. The performance fee paid by FNYPF to the Portfolio Managers at the close of the particular performance period (monthly, quarterly or annually) generally varies between 12.5% and 65% of the new appreciation of the Portfolio Manager's sub-account. The Firm reserves the right to pay Portfolio Managers a higher performance fee than as described above. The Firm may also be paid an additional performance fee. All such arrangements conform with Section 205(a)(1) of the Advisers Act and ERISA, as applicable.

The performance fee paid by each Fund (excluding FNYPF) to the Third Party Manager at the close of each fiscal year may vary between 10.00% and 50.00% of the annual new appreciation of the SMA or Underlying Fund advised by the Third Party Manager, respectively. The performance fee paid by FNYPF to the Third Party Managers at the end of the particular performance period (monthly, quarterly or annually) generally varies between 12.5% and 50% of the annual new appreciation of the SMA or Underlying Fund advised by the Third Party Manager, respectively. The Firm reserves the right to pay Third Party Managers a higher performance fee than as described above.

Where there is one or more portfolio managers (whether they are a Portfolio Manager or Third Party Managers), generally the performance fee paid to the portfolio manager is based upon the performance of each portfolio manager's trading account and not on the aggregate performance of

the Fund or Account. In addition, Portfolio Managers and/or Third Party Managers may have multiple trading sub-accounts, which may not be netted for purposes of determining net profit. Accordingly, with respect to a Fund or Account with one or more portfolio manager, one portfolio manager may be profitable and one or more unprofitable but so long as a particular portfolio manager trading results in net profit for one trading sub-account, the portfolio manager is entitled to its performance fee with respect to such trading sub-account. Furthermore, FNYPF generally pays performance fees based on the realized and unrealized appreciation of the trading sub-account's assets, and therefore such allocation may be greater than if it were based solely on realized gains. In addition, a Portfolio Manager or Third Party Manager may be paid a performance fee for profits in a particular period and subsequently generate losses in his account. Such Portfolio Manager or Third Party Manager are generally not required to repay any portion of the previously paid performance fee despite these future losses.

The Firm may advise clients that are charged a management fee and performance fee and clients that are charged solely a management fee. Some clients may also be subject to a higher performance-based fee than others. The Firm and its supervised persons may face a conflict of interest in managing such Funds and Accounts at the same time. The Firm and its supervised persons may have an incentive to favor a Fund or Account paying higher performance compensation. Notwithstanding these conflicts, the Firm allocates transactions and opportunities among the various Funds and Accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even clients with similar objectives will often have different investment portfolios. For more information, see Item 11.

Additionally, performance-based compensation may create an incentive for the Firm to recommend an investment that may carry a higher degree of risk to a client. Notwithstanding this potential incentive, the Firm evaluates investments in a manner that it considers to be in the best interest of a client, given that client's investment objectives, investment strategies, suitability of the investment and the client's risk profile.

## **Item 7 – Types of Clients**

The Firm provides investment advisory services to the Funds and Accounts as defined in Item 4.

The suitability requirements for the Funds are set forth in the private placement memorandum of such vehicles. Generally, investors in the Funds are required to meet certain suitability and net worth requirements, and thus the investor must qualify as either (i) a "qualified client" within the meaning of Rule 205-3 under the Advisers Act, as amended, (ii) an "accredited investor," as defined in Regulation D under the Securities Act of 1933, and, where applicable, (iii) a "qualified purchaser" within the meaning of Sections 2(a)(51) and 3(c)(7) of the Investment Company Act of 1940, as amended, as stated in the offering materials. Investors in the Funds must meet a minimum initial investment requirement ranging from \$50,000 to \$250,000. The investment manager or general partner (or analogous party) of the Funds may accept lower initial investments in its sole discretion.

Account clients may consist of financial institutions, operating companies and other institutional clients, and high net worth individuals, and their affiliated family entities. The minimum initial investment amount for Accounts is \$1,000,000, subject to the Firm's right to accept lower investment amounts in its sole discretion.



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

### *Methods of Analysis and Investment Strategy for Funds*

The Funds managed by the Firm are multi-strategy hedge funds, unless indicated otherwise. The Firm's investment advisory services generally focus on the following securities and financial instruments: domestic equities, exchange-traded funds, options and futures, international equities, interest rates, foreign exchange, commodities futures and derivatives. Strategies include, but are not limited to, equity long/short, ADR/ORD arbitrage, merger arbitrage, event-driven, mean reversion, momentum, macro and credit arbitrage and research strategies, and directional and relative value.

In connection with its allocation of the assets of the Funds, the Firm's principal duty is to research and select strategies and investments that are best suited to achieve the Fund's goals, to allocate assets to the Portfolio Managers and Third Party Managers who are responsible for executing specified strategies and investments, and to monitor and review the performance of the Fund.

The process of analyzing, selecting and monitoring Portfolio Managers and Third Party Managers is extensive and ongoing. The Firm examines many qualitative and quantitative factors, including the strategy implemented, the style within the strategy being implemented and the quantitative analysis and evaluation of the certain factors (i.e., monthly returns, correlation to market indices, comparison to benchmarks and to other similar Portfolio Managers and Third Party Managers operating the same strategy, volatility, drawdowns, etc.).

The Firm leverages its management team, risk management personnel and internal recruiting professionals to provide analysis of each Portfolio Manager and Third Party Manager. This includes evaluating a Portfolio Manager and Third Party Manager's strategy based on a particular product and strategies and on a Fund or Account-wide basis.

After completing a thorough background and operational due diligence, the Investment Committee determines the investment strategy, risk guidelines and trading limits of each Portfolio Manager and Third Party Manager. Such parameters are subject to ongoing intraday review by the Firm's risk management personnel.

Portfolio Managers utilize various analysis techniques including, but not limited to, technical analysis, fundamental analysis and cyclical analysis. For example, the analysis conducted by long/short Portfolio Managers includes, but is not limited to, issuer specific financial modeling, comprehensive review of earnings reports, interaction with analysts employed by others, interaction with industry experts as well as interaction with investor relations personnel employed by public companies. The analysis conducted by global macro Portfolio Managers focuses on global macroeconomics, policy decisions of central banks, as well as (but not limited to) data related to gross domestic product, consumption, investment, monetary and employment/unemployment data on a global basis. The analysis conducted by qualitative Portfolio Managers includes, but not limited to, modeling mathematical computations of price, volume and other data inputs to identify trading opportunities.

The primary sources of information utilized by the Portfolio Managers include (but are not limited to) fundamental proprietary research and analysis developed by the Firm, research reports and materials prepared by others, financial newspapers, magazines and online sources, news reports, financial charts provided by sell-side analysts, annual reports published by publicly listed

companies, prospectuses, filings with the SEC or the foreign equivalent, and other regulatory filings, company press releases and corporate rating services.

#### *Methods of Analysis and Investment Strategy for Accounts*

The Accounts may invest in one or more of the strategies discussed above, but typically the investment guidelines and strategies are tailored to the specific objectives of the client.

#### *Risk of Loss*

**General Investment and Market Risks.** All securities and derivatives risk the loss of capital. The nature of the investments to be purchased and traded on behalf of a client, and the investment techniques and strategies the Firm employs, may increase this risk. While the Firm uses its best efforts in the management of the investments, there can be no assurance that a Fund or Account will not incur losses. Many unforeseeable events, including changing supply and demand, interest rates, merger activities, governmental laws, regulations and enforcement activities, trade, fiscal and monetary programs and policies, and national and international political and economic developments, may cause sharp issuer-specific and market fluctuations which could adversely affect a Fund or Account's portfolio and performance. The effect of such factors on the prices and liquidity of investments in general, or of a particular investment, is difficult to predict. A Fund or Account may also be exposed to the risk of failure of any exchanges on which investments trade or of clearinghouses that settle trades. The Firm cannot control any of these conditions.

**Risk of Loss or Total Loss.** Clients should be aware that they may lose all or part of their investment in the Funds or Accounts. All investments risk the loss of capital. The Firm believes that it moderates this risk through careful selection of Portfolio Managers and Third Party Managers and ongoing monitoring of such persons' or entity's securities, hedging techniques and the use of other financial instruments. However, no guarantee or representation is made that the Funds' or Accounts' investment programs will be successful. Investment results may vary substantially over time. The Funds and Accounts engage in, among others, options and futures transactions, margin transactions, short sales, forward contracts, utilize leverage and have limited diversification, all of which may amplify negative performance. The success of the investment programs depends on the ability of the Firm, the Portfolio Managers, and Third Party Managers to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the capital markets. Identification and exploitation of investment opportunities and the use of various trading strategies involves uncertainty. No assurance can be given that the Firm, the Portfolio Managers and Third Party Managers will be able to correctly locate trading opportunities or exploit price discrepancies in the capital markets. In the event that the Firm, the Portfolio Managers and Third Party Managers are incorrect in identifying perceived mispricings, the Funds and Accounts may incur losses.

**Availability of and Ability to Acquire Suitable Investments; Competition.** While the Firm believes that many attractive investments of the type in which a Fund or Account may invest are currently available and can be identified, there can be no assurance that such investments will be available at any given time, or that available investments will meet the Funds' or Accounts' investment criteria. In such event, a Fund or Account may be unable to find a sufficient number of attractive investment opportunities to meet their investment objective. The investment industry is extremely competitive. In pursuing its investment and trading methods and strategies, the Firm, the Portfolio Managers and Third Party Managers compete with many other private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, a Fund or Account may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research

staffs and more investment professionals than a Fund or Account has or expects to have in the future.

***Availability and Accuracy of Information.*** The Firm, the Portfolio Managers and Third Party Managers select investments for the Funds and Accounts on the basis of information and data derived from a number of sources, including third party research and/or financial reports and regulatory filings made by public companies. Although the Firm, the Portfolio Managers and Third Party Managers intend to evaluate all such information and data and seek independent corroboration when they consider it appropriate and when it is reasonably available, the Firm, the Portfolio Managers and Third Party Managers in many cases are not in a position to confirm the completeness, genuineness or accuracy of such information and data.

***Portfolio Diversification.*** To the extent the Firm concentrates the Funds' or Accounts' investments with a lesser number of strategies, a Fund or Account becomes more susceptible to the fluctuations in value resulting from adverse economic or business conditions affecting that trading strategy.

***Trading strategies may not be successful.*** There can be no assurance that any trading method employed on behalf of a Fund or Account will produce profitable results. Profitable investing is often dependent on anticipating trends or trading patterns. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor that may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day could also be detrimental to profits or cause losses. Increases in margin levels on securities may occur in the future. Such increased margin and other potential regulatory changes may adversely impact the trading strategies. No assurance can be given that the trading techniques and strategies employed by the Firm, the Portfolio Managers and Third Party Managers on behalf of the Funds or Accounts will be profitable in the future.

***Broad Discretionary Power to Choose Investments and Strategies.*** The Advisory Agreements generally give the Firm broad discretionary power to decide what investments a Fund or Account make and what strategies they use. The Firm, the Portfolio Managers and Third Party Managers may, at times, decide not to make certain investments, thereby foregoing participation in price movements that would have yielded profits or avoided losses. Clients cannot be assured that the strategies or methods utilized by the Funds or Accounts will result in profitable investing.

***Risk of Default or Bankruptcy of Third Parties.*** The Fund or Account engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, a Fund or Account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid. In addition, a Fund or Account could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Funds or Accounts do business, or to which securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes. For example, if a Fund's or Account's prime broker and custodian were to become insolvent or file for bankruptcy, the Funds or Accounts could suffer significant losses with respect to any securities held by such firm.

**Computer Infrastructure.** The computer infrastructure of the Firm and the Third Party Managers may be vulnerable to security breaches. Any such problems could jeopardize confidential information transmitted over the internet, cause interruptions in our operations or give rise to liabilities to third parties. Concerns over the security of internet transactions and the safeguarding of confidential client information could also inhibit the use of the Firm's or Third Party Managers' systems to conduct transactions over the internet. To the extent that the Firm's activities involve the storage and transmission of proprietary information and Firm information, security breaches could expose us to a risk of financial loss, litigation and other liabilities. The Firm's or Third Party Managers' control policies may not protect the Firm or Third Party Managers against all of such losses and liabilities. Any of these events, could have a material adverse effect on the Firm or Third Party Managers and result in operational losses or lack of functionality to conduct advisory business.

**Performance Allocation.** The Portfolio Managers and the Third Party Managers receive a performance-based fee from the Fund and Accounts in addition to the management fee paid to the Firm. Performance-based compensation arrangements create an incentive for the Portfolio Managers and Third Party Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, the performance-based fee may be calculated on a basis that includes unrealized appreciation of a Fund or Account assets, and therefore such allocation may be greater than if it were based solely on realized gains.

**Equity Securities.** The purchaser of an equity security typically receives an ownership interest in the company as well as certain voting rights. The owner of an equity security may participate in a company's success through the receipt of dividends, which are distributions of earnings by the company to its owners. Equity security owners may also participate in a company's success or lack of success through increases or decreases in the value of the company's shares as traded in the public trading market for such shares. Equity securities generally take the form of common stock or preferred stock. Preferred stockholders typically receive greater dividends but may receive less appreciation than common stockholders and may have lesser or greater voting rights as well. Equity securities may also include convertible securities, warrants or rights. Convertible securities typically are debt securities or preferred stocks, which are convertible into common stock after certain time periods or under certain circumstances. Warrants or rights give the holder the right to purchase a common stock at a given time for a specified price. Although equity securities have a history of long-term growth and value, their prices rise and fall as a result of changes in the company's financial condition as well as movements in the overall securities markets.

**Leverage Risk.** The Firm uses substantial external leverage to achieve the Funds' and Accounts' investment objectives, which may include borrowed funds from brokers, banks or other financial institutions, individuals, reverse repurchase agreements, dollar rolls and/or the issuance of preferred shares. Such strategies and techniques increase the risk of loss. The use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Clients should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

**Short Selling.** The Portfolio Managers and Third Party Managers engage in short selling, i.e., the sale of a security that a Fund or Account does not own in the hope of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. Securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed

fluctuates from time to time. The Funds and Accounts therefore may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

***Foreign Exchange/Foreign Currency.*** Subject to compliance with applicable regulation regarding trading in currencies and currency futures, the Funds and/or Accounts may trade in foreign exchange and foreign exchange options, as well as spot, forwards and non-deliverable forwards in currencies of G10 and emerging market economies. Currency trading differs from most of the trading in the U.S. of stocks, futures or options, in that it does not typically occur on regulated exchanges, and clearinghouses do not guarantee the execution of trades. Movements in one foreign currency versus the U.S. dollar, or movements between foreign currencies in a cross-currency contract, arise from a variety of factors, including interest rates, governmental and trade deficits, investor sentiment, external events (e.g., crises such as war, political instability, natural disasters or terrorist attacks) and general economic conditions.

***Interest Rates.*** The Funds and/or Accounts, may invest in fixed income securities and instruments. The price of many fixed income securities moves in the opposite direction of the change in interest rates. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. The variation in the value of cash flows from a security due to inflation may subject the Funds and Accounts to risk. The Funds and Accounts may invest in securities in the lower rating categories that are therefore subject to a greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

***Options and Other Derivative Instruments.*** The Funds and Accounts may invest in options and derivative instruments, including writing calls on some of the securities held by the Funds or Accounts in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also 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. The Funds and Accounts are also subject to the risk of the failure of any of the exchanges on which its positions trade or of clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments. Call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a call option purchased by a Fund or Account were permitted to expire without being sold or exercised, the Fund or account would lose the entire premium it paid for the option. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by a Fund or Account at a lower price than its current market value. Purchasing and writing call options are highly specialized activities and entail greater than ordinary investment risks. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset

necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

***Non-U.S. Investments.*** A Fund or Account may invest and trade a portion of its assets in non-U.S. securities and other assets (through American Depositary Receipts and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include, but not be limited to: (i) political or social instability, the seizure by non-U.S. governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets; (ii) enforcing legal rights in some non-U.S. countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against non-U.S. governments; and (iii) non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and a Fund or Account may directly hold non-U.S. currencies and purchase and sell non-U.S. currencies through forward exchange contracts. Changes in currency exchange rates will affect a Fund's and an Account's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Funds' or Accounts' investments to decline. Some non-U.S. currencies are particularly volatile. Non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity of the Funds' or Accounts' non-U.S. currency holdings. If a Fund or Account enters into forward non-U.S. currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if a Fund or Account enters forward contracts for the purpose of increasing return, it may sustain losses. Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the U.S. Non-U.S. countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

***Special Purpose Acquisition Companies ("SPACs") Risks.*** A Fund or Account may invest in SPACs, which are speculative and entail significant potential risks. SPACs are companies formed to raise capital in an initial public offering ("IPO") with the purpose of using the proceeds to acquire one or more unspecified businesses or assets to be identified after the IPO, typically within twenty-four (24) months from formation. SPACs typically have no revenue or operating history. The SPAC must use at least eight percent (80%) of its net assets for any such acquisition, and if it fails to do so, then it must dissolve. SPACs present unique risks, such as the risk that SPAC managers are unqualified or inexperienced, and the risk that no acquisition will occur and the SPAC will be liquidated. SPACs do not "pre-identify" possible acquisition targets and the underwriters and do not perform any due diligence on acquisition targets. While some SPACs are specific about the industries or regions in which they will seek an operating company, others are open-ended. If the SPAC dissolves, it returns to investors their pro rata share of the invested assets in escrow. In most of these cases, investors will receive nearly all of their principal invested, but will not share in any of the returns generated from the funds held in escrow as such proceeds are used to cover the operating expenses of the SPAC (therefore tying up client cash unnecessarily and, in turn, possibly missing out on other opportunities). There is also no guarantee with respect to any potential returns on investments in SPACs. Due diligence requirements may also be lower for SPACs than those required by the SEC for ordinary IPOs.

***Limited Liquidity of Certain Investments.*** To the extent that the Funds or Accounts invest their assets in securities that are illiquid because they are restricted, thinly-traded or otherwise, the Funds and Accounts may not be able to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected.

***Limits on Hedged Strategies.*** The Firm, the Portfolio Managers and Third Party Managers engage in hedging strategies, which use short sales, options, swaps, caps and floors, futures and forward contracts and other derivatives in an effort to protect assets from losses resulting from fluctuations in market prices. In addition, the Firm, the Portfolio Managers and Third Party Managers may use short sales to hedge against market price fluctuations. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value.

***Portfolio Turnover Risk.*** The various trading strategies may result in greater portfolio turnover. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs and may result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in the Funds' or Accounts' performance.

## **Item 9 – Disciplinary Information**

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

On December 17, 2013, without admitting or denying the allegations, David Abramson in his role the Chief Operating Officer of G2 Trading, consented to a censure, fine and suspension from acting in a supervisory capacity for failure to supervise a branch manager and office which was being occupied by G2 and a non-broker-dealer entity.

On September 28, 2020, FNYPF, the Firm's advisory affiliate, entered into a settlement with the Commodity Futures Trading Commission pursuant to which FNYPF was ordered to pay a fine related to a former portfolio manager's "spoofing" (i.e., bidding or offering with the intent to cancel the bid or offer before execution) in certain futures contracts.

The Firm has no other information applicable to this Item. The Firm has had no other legal or disciplinary events that would be material to a client's evaluation of the Firm or the integrity of the Firm's management.

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

As a registered investment adviser, the Firm is required to disclose any financial industry activities and affiliations that are material to the Firm's business for your evaluation of the Firm.

The Firm is not a broker-dealer; nor is it affiliated with any broker-dealer. None of the Firm's management persons are registered representatives of a broker-dealer. Neither the Firm nor any of the Firm's management persons are registered, or have an application pending to register as a futures commission merchant, a commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

FNYIA and ICM are wholly-owned subsidiaries of FNYH. The members of FNYH are also the members of FNYGP and accordingly, FNYGP is an affiliate of FNYH. FNYH is also the parent of FNY Services, which provides clerical, technology, telecommunications, human resources, accounting, legal and certain regulatory compliance support services to the Firm.

As discussed above, FNYGP serves as the general partner and parent of FNYPF. As of the date hereof, FNYPF has not accepted any subscriptions from third party investors. FNYPF invests in FNY Managed Accounts LLC (“FNYMA”), a special purpose vehicle formed for the purpose of utilizing certain managers’ investment advisory services to carry out the FNYPF’s investment objectives.

One or more the principals of several Sub-Advisers are members of FNYGP and FNYH. In addition, the Firm, certain of the Sub-Advisers and other investment advisers are located at the same address, on the same floor. In the future, the Firm may share an address with other investment advisers, including those delegated with investment discretion on behalf of the Funds or Accounts.

The Firm is subject to conflicts of interest that exist between the Firm and its related persons with respect to its office arrangements and sub-advisory relationships. The Firm may invest Fund and/or Account capital with Third Party Managers in which its related persons have invested or will invest, have other financial interest or have financial or other relationships with affiliates or parties related to the Third Party Manager. The Firm’s affiliates may receive compensation from the Third Party Managers for services or otherwise indirectly benefit from the success of the Third Party Managers, however, the Firm is not compensated directly or indirectly for the sale of a product or services offered, managed or advised by its affiliates or for delegating investment discretion to the Sub-Advisers or investing in an Underlying Fund. The Firm has a conflict between its obligation to act in the best interests of its clients and any interest that its affiliates may have in generating revenue for themselves or otherwise promoting themselves. The Firm has implemented policies and procedures to address potential conflicts of interest associated with these arrangements, including requiring that the Firm and its supervised persons at all times act in the best interests of the Firm’s clients, and ensure that the selection of Third Party Managers is based on investment performance of the Sub-Adviser or Underlying Fund, rather than any interest or relationship with its affiliates. In addition, the Firm has established a Conflicts Review Committee that reviews current and proposed future arrangements.

The Firm’s investment advisory affiliates and office arrangements also give rise to the risk that the Firm’s personnel may obtain or disclose material non-public information from such persons. The Firm has adopted a variety of restrictions, policies and procedures designed to address potential conflicts that arise between the Firm and its affiliates and to prevent the misuse of material non-public information by the Firm, its affiliates, Third Party Managers or any investment adviser affiliated with or sharing the same address as the Firm, including information barriers designed to prevent the flow of information between the Firm, its personnel and such persons. The Firm shall maintain a separate office, with separate storage for Fund, investor and Account client information. Firm personnel may not disclose information to personnel of related persons or other investment advisers who share the same address and common areas. In addition, Firm personnel may not use material non-public information obtained by persons sharing the same address to recommend the purchase or sale of securities to the Funds and Accounts.

The Firm and its management persons do not have any other relationship or arrangement with any financial industry entity that is material to the Firm’s advisory business or to its clients.



### *Management Persons; Policies and Procedures*

Certain of the Firm's management persons also hold positions with one or more of the related persons listed above. In these positions, they may have some responsibility with respect to the business of these affiliates and receive compensation based, in part, upon the profitability of these entities. Consequently, in carrying out their roles at the Firm and these affiliates, the management persons of the Firm may be subject to the same or similar potential conflicts of interest that may exist between the Firm and these persons. The Firm has adopted a variety of restrictions, policies and procedures designed to address potential conflicts that arise between the Firm, its management persons and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between the Firm, its personnel and certain other affiliates and policies and procedures relating to securities selection and restrictions on trading with related persons. Additional information about these conflicts and the policies and procedures designed to address them is available in Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, below.

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

### *Code of Ethics*

The Firm has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with the Firm, and establishes procedures intended to prevent the Firm, and its personnel and certain relatives, from inappropriately benefiting from the Firm's relationships with its clients. The Code provides that the Firm and its employees must (i) place clients' interests ahead of the Firm's or employees' interests; (ii) engage in personal investing that is in full compliance with the Code; (iii) avoid taking advantage of their position as investment managers; and (iv) maintain full compliance with Relevant Securities Laws.<sup>2</sup> Firm personnel provide personal account trade confirmations and brokerage statements through the Firm's web-based application which analyzes such information for front running, insider trading and violations of the Firm's restricted list. In addition, the Firm's Compliance Manual includes provisions relating to the confidentiality of client information, insider trading, and gifts and entertainment.

The Firm's employees acting on behalf of third party Funds and Accounts (those other than FNYPF and accounts beneficially owned by its members) are subject to further restrictions including pre-clearance of personal trades, active trading by employees for their own accounts, and holding periods.

All personnel are required to certify that they are in compliance with the Code. Any violation of the Code may warrant disciplinary actions at management's discretion, including suspension or dismissal.

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<sup>2</sup> "Relevant Securities Laws" means all relevant state securities laws and regulations, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.

Clients may request a copy of the Code by submitting a written request to the Firm at the address on the cover page to this Brochure.

#### *Interests in Client Transactions*

FNYGP, serves as the general partner and managing member to the Funds managed by FNYIA, and as the parent of FNYPF. The Firm solicits clients and prospective clients to invest in the Funds, and in its capacity as investment adviser, the Firm recommends the Funds to its clients and prospective clients. The Firm mitigates potential conflicts of interests that may arise under this arrangement by ensuring that its marketing efforts adhere to the applicable securities laws and regulations.

Since the Firm and its predecessors' formation in 1986, FNYGP and its predecessors have engaged in transactions with its related persons. The Firm engages in transactions between related parties of the Firm who have a direct or indirect material interest in the transactions on one hand, and the Funds, the Accounts or their affiliates, on the other, in the ordinary course of its business. In addition, FNYGP engages in transactions between related parties of the Firm, which have a material impact on its wholly-owned subsidiary, FNYPF. These transactions pose a material conflict of interest to Fund investors and Account clients. The Firm recognizes that the Firm owes the Funds and Clients a fiduciary duty pursuant to Section 206 of the Advisers Act. Accordingly, the Firm has adopted related party transaction policies which seek to identify any material facts concerning a prospective transaction or arrangement involving the Firm, a Fund or Client in which a related party or an immediate family member may have an interest and subject that transaction to review by the Firm's Conflicts Review Committee. Each such transaction is disclosed in writing to the Fund's investors or Account client and the Firm obtains the consent of the Fund investors or Account client prior to the completion of the related party transaction.

Other than the foregoing, the Firm and its related persons, do not recommend to the Funds or Accounts, or buy or sell for client accounts, securities in which the Firm and its related person(s) have a material financial interest. Notwithstanding the foregoing, Portfolio Managers delegated with investment discretion to trade on behalf of the Proprietary Accounts (as defined below) may recommend, buy or sell securities to such account in which the Portfolio Manager has a financial interest. The Firm has adopted policies and procedures to prevent inappropriately benefiting from the Proprietary Accounts' trading. In addition, the Firm has adopted policies and procedures designed to detect if Portfolio Managers engage in certain prohibited trading practices including spoofing, front running, stock parking, prearranging, shredding, wash sales and painting the tape.

The Firm and its related persons do not buy securities from or sells securities to the Funds and Accounts as principal. The Firm does not recommend to the Funds and Accounts the funds offered by its related persons.

The Firm and its related persons invest in the same securities and related securities (e.g., warrants, options or futures) that the Firm or a related person recommends to the Funds and Accounts. FNYIA currently manages FNYPF, and its special purpose vehicle, FNYMA (together with any proprietary accounts created in the future shall be referred to herein as the "Proprietary Accounts"). The Proprietary Accounts may aggregate trades along with the other Funds and Accounts managed by the Firm accordance with the policy described in greater detail in this Item 11 below. The Proprietary Accounts will not engage in principal transactions.

Generally, and unless otherwise disclosed to the client, when a Portfolio Manager purchases securities for more than one account, the Firm will aggregate orders unless aggregation is not consistent with its duty to obtain best execution or aggregation is not consistent with the terms of

the investment guidelines, investment objectives and/or restrictions for one or more of the Funds or Accounts. Generally, when possible, each Fund and/or Account that participates in an aggregated order will participate at the average price for all of a particular Portfolio Manager's transactions in that security on a given business day, with transaction costs shared based on each Fund's or Account's participation in the transaction. For the avoidance of doubt, each Portfolio Manager pursues a different strategy, and accordingly, one or more Portfolio Managers may place orders on behalf of a Fund or Account in the same security, however, only aggregated orders will be allocated to accounts in which the Portfolio Manager has investment discretion.

Orders will be entered pursuant to a written trade allocation schedule (the "Allocation Schedule") that will be updated as new Funds or Accounts are added or removed from the Firm's advisory business; the Allocation Schedule will specify the participating Funds and/or Accounts and how orders will be allocated. If the aggregated order is filled in its entirety, it will be allocated among the participating Funds and Accounts in accordance with the Allocation Schedule. If a Portfolio Manager places trade orders for more than one Fund or Account within the same investment strategy, that Portfolio Manager's trade orders will generally be allocated pro-rata based on the notional assets of the specific Funds or Accounts involved in the trade, as well as specific risk parameters and investment guidelines applicable thereto. If a Portfolio Manager places trade orders for more than one Fund or Account across different investment strategies, that Portfolio Manager's trade orders will generally be allocated pro-rata, first, to each specific investment strategy, generally, based on the notional amount that specific Portfolio Manager advises for each investment strategy and, second, to each Fund or Account participating in the specific investment strategy, pro-rata, based on the each specific Fund's or Account's notional assets.

At times, pursuant to its investment objective, a Portfolio Manager may look to initiate a position on behalf of a Fund or Account that is also held by one or more of the other Funds or Accounts (with differing investment objectives). Similarly, a Fund or Account, pursuant to its investment objective, may look to close-out of a specific position that is also held by one or more of the other Funds or Accounts (with differing investment objectives). These are known as ramp-up or close-out phases. When engaged in a ramp-up or close-out phase, a Fund or Account initiating a new position or closing-out of an existing position (that is also held by other Funds or Accounts), may be given priority over the other Funds or Accounts (due to differing investment strategies). The Fund or Account engaged in a ramp-up or closeout phase may receive the entire allocation of a specific trade order (and the other Fund(s) or Account(s) may not receive any of the allocation). Similarly, since different accounts may be subject to different risk parameters it is possible that the Firm mandates a capital cut (and risk reduction) for a Fund or Account in one strategy, but not a Fund or Account with a different strategy.

On occasion, the Firm will not be able to purchase or sell all of the securities ordered as part of an aggregated order in a single day. If the order is partially filled, it will generally be allocated pro-rata in proportion to the size of the orders placed for each Fund or Account by the particular Portfolio Manager to the extent practicable based on the Allocation Schedule. In certain limited circumstances, such as where private securities, bank debt or other non-listed, non-equity instruments are purchased in an aggregated order, the Firm may not be able to allocate a portion of the order to a particular Fund or Account because of (among other things) minimum investment restrictions, excessive costs or investor eligibility rules.

Funds and Accounts without sufficient available capital may not participate in these investments. Additionally, the Firm may give added weight to those Funds and Accounts whose investment programs are responsible for obtaining the investment opportunity when allocating limited investment opportunities.

It should be noted that an aggregated order may be allocated on a basis different from that specified in the Allocation Schedule if all Funds or Accounts receive fair and equitable treatment and the reason for the different allocation is explained to the Chief Compliance Officer and is approved (by email, memo or otherwise). Reasons for allocating on a basis different from that specified in the Allocation Schedule may include, but are not limited to, a Fund's or Account's investment guidelines and restrictions, risk parameters, a ramp-up or close-out phase (as discussed in this Item 11 above), available cash, liquidity requirements, portfolio exposure, permitted or available counterparties, hedging, tax or legal reasons, and to avoid odd-lots or in cases when a pro rata allocation would result in a *de minimis* allocation to one or more Funds or Accounts. In the event of a *de minimis* allocation, the *de minimis* shares shall be allocated as detailed in the Allocation Schedule or in a manner otherwise pre-approved by the Chief Compliance Officer.

The Firm's books and records will separately reflect, for each Fund and Account, all aggregated orders in which it participated, and all securities held by, and bought and sold for, that Fund or Account. The Firm may rely upon the allocation records kept by its prime-broker. Each Fund's or Account's assets will be deposited with one or more custodians, and the Fund's or Account's assets will not be held collectively any longer than is necessary to settle the purchase or sale in question; cash or securities held collectively for Funds or Accounts will be delivered to the custodian as soon as practicable following settlement. The Firm will receive no additional compensation of any kind as a result of an aggregated order. Individual investment advice and treatment will be accorded to each Fund or Account.

As stated above, the Proprietary Accounts will not engage in principal transactions. However, the Firm may cause a security to be traded between two clients where it believes such trade to be in the interest of each client. The Firm generally has such authority under the general grant of investment discretion given to it by its clients. The Firm's practice is to engage in cross trades in limited circumstances where the purchase and sale of the same security at the same time by different clients helps to achieve more favorable terms to each client than through separate transactions not involving a cross trade.

These circumstances can arise when a client wishes to sell a security to generate cash or to realign such client's asset allocation at a time when the Firm would like to purchase the security for other clients (for example, when rebalancing a fund (whether intra-month or at the beginning of a month)). Such transactions may also occur regularly and frequently. Cross transactions may also occur if one Portfolio Manager is exiting or reducing a position and another Portfolio Manager is building or increasing a position in the same security. In some cases, the Firm may determine to reallocate assets (which may involve generating cash to fund withdrawals or investing new capital) within its Funds or Accounts, and thereby create a need to sell the security from one Fund or Account and a need to purchase the same security in another Fund or Account.

The Firm's duty to be unbiased and fair to clients on both sides of a cross transaction may pose an inherent conflict of interest. Cross transactions will only be effected in accordance with the applicable law. To ensure that it fulfills its duty to each client that is party to a cross transaction, the Firm seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. Cross transactions between clients are generally priced at the closing price as established by an independent broker, but may also be done intra-day at market price or over-the-day using a volume-weighted average price (VWAP), time-weighted average price (TWAP) or other weighted average price algorithm. In causing cross trades to be effected between Funds or Accounts, the Firm will effect a journal transaction with the Funds' or Accounts' prime brokers, generally at no cost, or utilize an unaffiliated broker-dealer at normal commission rates.

In addition to the above, the Firm may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date (or as otherwise permitted under applicable exchange rules). If an erroneous allocation cannot be corrected prior to or after settlement, the Firm may, if appropriate and subject to applicable law, correct the erroneous allocation by effecting a cross-trade between client accounts at the price at which the initial trade was effected.

#### *Side Letters, Supplemental Agreements and Other Arrangements*

The Firm, subject to applicable law and Firm policies, enters into confidential side letters, supplemental agreement or similar agreements or other arrangements with investors, without the approval or vote of any other investor, that amend, modify or supplement the economic, legal or other terms applicable to those investors. The Firm considers many factors in deciding whether to grant its members or investors in an Advisory Account customized terms via a confidential side letter, supplemental agreement or similar agreement or other arrangement, and investors receiving preferential terms include: (a) investors that have made or have proposed to make relatively large commitments to the Fund, (b) investors that are subject to specific legal, tax or regulatory status or other requirements or policies applicable to them and (c) investors meeting other criteria the Firm considers reasonable in its discretion. These agreements involve, among other matters: (i) different economic arrangements based upon the size or timing of capital commitments; (ii) certain investors receiving customized information and reporting in addition to or more expeditiously than information and reporting received by investors generally; (iii) agreements to permit representatives of certain investors to serve on an investment advisory committee and to permit the investment advisory committee to hire external counsel and other advisors; (iv) rights to sell or transfer interests in the applicable Fund (v) assistance reselling securities or other property distributed by such Fund; (vi) provisions necessary to comply with particular tax, legal, regulatory, public policy or other considerations; (vii) excuse or exclusion rights applicable to particular investments or withdrawal rights from the investment vehicle (which increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, future investments, and reduce the overall size of the Fund); (viii) the offering of or acknowledgement of interest in co-investment opportunities; (ix) waiver of certain confidentiality obligations and the right to disclose certain information to underlying investors, to the public or to regulators, (x) requirements in respect of distributions required to be returned by such investors in respect of the obligations of such Fund, (xi) additional rights or terms provided to certain investors who provide leverage to an Fund, modifications to the investor's subscription agreement, (xii) different arrangements with respect to the indemnification obligations of investors and (xiii) limits on the amounts required to be funded to cover shortfalls due to an excuse or a default of an investor.

## **Item 12 – Brokerage Practices**

The Firm's policy is to select brokers to be used for the Funds and, in general, the Accounts. However, Account clients may use brokers identified by such clients in the Advisory Agreements. Where the Firm uses the brokers that its clients direct it to use, the Firm may be unable to achieve the most favorable execution of client transactions. Directing the Firm as to the broker to use may cost a client more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Firm may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Where the Firm has authority to select or recommend broker-dealers for client transactions and to determine the commissions to be paid, it seeks the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions

or spread). In doing so, the Firm considers all factors it deems relevant, such as: (i) the nature and character of the security or instrument being traded and the markets on which it is purchased or sold; (ii) the desired timing of the transaction; (iii) the Firm's knowledge of negotiated commission rates and spreads currently available; (iv) the broker's execution capability; (v) the full range of brokerage services provided; (vi) the broker's or dealer's capital strength and stability, as well as its execution, clearance, and settlement capabilities; (vii) the reasonableness of the commission or its equivalent for the specific transaction; and (viii) the broker's responsiveness.

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

The Firm does not currently receive brokerage or research services ("Soft Dollar Services") from firms that are paid for with credits earned ("Soft Dollars") through commissions generated by portfolio transactions. However, the Firm may receive other benefits from a broker-dealer without cost including access to trading desks, access to electronic communication networks for order entry, and software and other tools.

#### *Aggregation of Orders*

See Item 11 for details on the Firm's trade aggregation and allocation process.

### **Item 13 – Review of Accounts**

All accounts are reviewed on a regular basis to determine their conformity with risk parameters, investment objectives and guidelines. Each Portfolio Manager receives daily updates of portfolio positions and transactions for which such Portfolio Manager is responsible. The Firm's risk personnel review this information on a real-time basis and the Investment Committee meets periodically to review the accounts. Further, the Portfolio Managers and analysts meet regularly to review and discuss portfolio status, potential investments and related issues. All accounts are reviewed in light of emerging trends and developments as well as market volatility.

Investors in the Funds receive quarterly statements indicating their capital balances and their account's balance sheet and income statement. Account clients receive reports at least quarterly showing realized gains and losses and the account's performance for the period.

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

The Firm may compensate affiliates or non-affiliates for client referrals in accordance with Rule 206(4)-3 under the Advisers Act and the securities laws. The compensation paid to any such entity will typically consist of a payment stated as a percentage of the management fee or performance fee or a placement fee. When required under the law, the policies and procedures require regulatory disclosure of the compensation arrangement between the Firm and the referring party.

### **Item 15 – Custody**

The Firm does not maintain custody of client assets. However, pursuant to Rule 206(4)-2 of the Advisers Act, for certain accounts, in certain circumstances, the Firm may be deemed to have custody of the client's assets by virtue of its ability to deduct fees from its client accounts or acting in a capacity that gives the Firm access to client securities.

Investment advisers who have custody of client assets are generally required to maintain all client assets with a qualified custodian as defined in the Rules, such as broker-dealers, trust companies

and banks, and either: (i) have a reasonable belief that the custodian will deliver quarterly statements directly to clients; or (ii) deliver quarterly statements themselves (the adviser), so long as they have an independent public accountant conduct an annual surprise examination to verify the clients' assets.

The cash and securities of the Funds and Accounts are held by unaffiliated qualified custodians.

Generally, each Fund has engaged an independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board ("PCAOB") to conduct annual financial audit of the vehicle, prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Investors in the Funds receive audited financials within one hundred and twenty (120) days following the end of the Fund's fiscal year.

To the extent that the Firm is deemed to have custody of Account assets, Account clients receive account statements from their custodian on at least a quarterly basis. Account clients should carefully review the quarterly account statements they receive from these unaffiliated qualified custodians. The Firm also urges clients to compare the statements received from their custodians with the statements they receive from the Firm. Statements that the Firm provides its clients may vary from the statements received from custodians due to differences in the timing on posting transactions, accounting procedures, or other reasons. In order to comply with SEC regulations, either an annual audit is performed or an independent verification of funds and securities is conducted by a third party accounting firm.

## **Item 16 – Investment Discretion**

The Firm has discretionary authority to effect securities transactions on behalf of the Funds and Accounts. This authority is granted pursuant to the Advisory Agreement entered into with the client. Investors in the Fund grant authority to the Funds to enter into an Advisory Agreement with the Firm by executing the relevant subscription agreement. The Firm exercises its investment discretion in accordance with the investment strategy as well as any separate account investment guidelines or restrictions imposed by the client and accepted by the Firm, as set forth in the Advisory Agreements.

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

Where the Firm has accepted authority to vote proxies on behalf of a client, the Firm will vote proxies in accordance with its policies and procedures in place for voting of proxies (the "Proxy Voting Policy"), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Firm. Under the Proxy Voting Policy, the Firm will vote proxies on behalf of its clients based on a determination of the best interest of its clients, consistent with the objective of maximizing long-term investment returns. Notwithstanding the foregoing, the Firm may determine that it is in the best interests of a particular client to abstain from voting proxies.

The Firm may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where the Firm or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a client's stake. When such a potential conflict may arise the matter is evaluated by the Chief Compliance Officer to determine whether an actual conflict exists. Where an actual conflict exists, the Firm will take necessary and appropriate steps to address the conflict.

The Firm maintains records for all proxies voted. As required by Rule 204-2(c) under the Advisers Act, the Firm's proxy voting records will include: (i) a copy of its Proxy Policy; (ii) a copy of any document created by the Firm that was material to making a decision on how to vote proxies on behalf of a client or that memorializes the basis for that decision; and (iii) each written client request for proxy voting records and the Firm's written response to any (written or oral) client request for such records. The Firm will either maintain its own proxy statements and records of votes cast or, as permitted by Rule 204-2(c), such records may be maintained by a third-party service provider.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition.

Currently, the Firm's only income is from the receipt of management fees from its proprietary fund, FNYPF, which are less than the expected expenses and therefore result in losses for the Firm. The Firm relies on FNYPF income for the payment of certain operational expenses. To the extent that fees charged to its clients are less than its expenses or FNYPF does not have profits sufficient to cover certain operational expenses, the Firm and its affiliates may not be able to meet their contractual and fiduciary commitments to Firm clients.

The Firm has not been the subject of a bankruptcy proceeding.

The Firm does not require or solicit prepayment from its clients, and therefore a balance sheet is not required to be provided for the most recent fiscal year.



**Part 2B of Form ADV**

**FNY INVESTMENT ADVISERS, LLC**

**FNY Investment Advisers, LLC**

90 Park Avenue, 5<sup>th</sup> Floor  
New York, New York 10016  
Telephone: (212) 848-0600

**March 28, 2024**

**This brochure supplement provides information about supervised persons that supplements the Firm brochure. You should have received a copy of that brochure. Please contact the Firm if you did not receive the Firm's brochure or if you have any questions about the contents of this supplement.**

## **Item 2 – Educational Background and Business Experience**

Set forth below is information regarding the educational background and business experience of the Firm's Supervised Persons. "Supervised Persons" means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of the Firm, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the Firm.

### *Donald Motschwiller – Managing Member of the Firm; Chairman of Investment Committee*

Donald Motschwiller is the Managing Member of the Firm and the Chairman of the Investment Committee. Previously, Mr. Motschwiller was the principal partner, President and CEO of Carlin Financial Group, First New York Securities, EFX Capital and Dahlman Rose where his responsibilities included leading and managing all aspects of their business. Mr. Motschwiller was a principal of the DCM Multi-Manager Group, LLC and a member of the investment committee of Discovery Capital Management, LLC, an adviser that selected sub-advisers that pursued various highly liquid trading strategies on behalf of its funds. For over twenty years, Mr. Motschwiller has been selecting portfolio managers with an objective of deploying capital to trading oriented liquid strategies in the equity, credit, currency and derivative asset classes.

Mr. Motschwiller was born in 1958 and is a graduate of Cornell University. Mr. Motschwiller holds a Series 7, Series 22, Series 24, Series 39 and Series 63, however, is not currently affiliated with a broker-dealer.

### *Fred DiMaria – Chief Risk Officer of the Firm; Member of Investment Committee*

Fred DiMaria is the Chief Risk Officer of the Firm and a member of the Investment Committee. In his capacity of Chief Risk Officer, Mr. DiMaria administers the Firm's supervisory procedures regarding the assessment and mitigation of significant financial, regulatory and technological threats to client capital and earnings. Prior to serving as the Firm's Chief Risk Officer, Mr. DiMaria was a partner and commodity trader (since 2004) and the Head of Commodities (2016-2018). Previously, he was an energy trader for Energy Resources and Trade LLC (PSEG Power).

Mr. DiMaria was born in 1973 and is a graduate of Villanova University, School of Business.

### *David Abramson – Head of Trading of the Firm; Member of Investment Committee*

David Abramson is the Head of Trading of the Firm and a member of the Investment Committee. Mr. Abramson joined the Firm in 2014 as the Head of Talent Acquisition. Since that time, he has been charged with identifying and evaluating the Firm's Portfolio Managers and Third Party Managers. Prior to joining the Firm, Mr. Abramson was the Chief Operating Officer of G-2 Trading (2009-2014). Mr. Abramson also served as a Managing Director at Carlin Financial Group (2004-2007) and after its acquisition, RBC Capital Markets (2007-2009).

Mr. Abramson was born in 1970 and is a graduate of Syracuse University. Mr. Abramson holds a Series 7, Series 24, Series 55, Series 62 and Series 63, however, is not currently affiliated with a broker-dealer.

### **Item 3 – Disciplinary Information**

Investment advisers are required to disclose any legal or disciplinary events that may be material to a client's or prospective client's evaluation of the investment adviser's representatives.

The Firm has no information applicable to this Item.

### **Item 4 – Other Business Activities**

None of the Supervised Persons have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, a commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### **Item 5 – Additional Compensation**

The Supervised Persons of the Firm may receive a salary and a performance-based bonus for services provided to the Firm and its clients. The Supervised Persons do not receive additional compensation or economic benefit from a person who is not a client for providing advisory services.

### **Item 6 – Supervision**

The Chief Risk Officer is responsible for all investment-related management of the Firm's clients' assets as allocated to the Firm in each Advisory Agreement.

The Firm maintains a policies and procedures manual that is intended to assist its employees to comply with the applicable rules and regulations of the SEC, as well as to establish proper supervision of advisory activities.

Firm personnel and their supervisors are required to read, understand and refer to the manual for guidance regarding compliance and/or supervisory issues.

Each associated person having managerial or supervisory responsibilities must:

- Be familiar with and understand the contents of the manual;
- Ensure that all employees are familiar with and understand the manual; and
- Ensure that any subsequent changes or additions to the manual are distributed to the appropriate staff.

The manual is not to be construed as all-inclusive, but rather is to serve as a guide in conducting and supervising the daily activities of the Firm and its representatives.

All investment advisory representatives must also adhere to the Firm's Code of Ethics.

Individuals under the Firm's supervision participate in continuing education on an annual basis relative to ethical practices, client and account management, industry standards of care and loyalty and compliance.