

# **Sandia Investment Management LP**

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This Brochure provides information about the qualifications and business practices of Sandia Investment Management LP. If you have any questions about the contents of this Brochure please contact us at 617-366-7753 or [IR@sandiamgmt.com](mailto:IR@sandiamgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The designation “registered investment adviser” does not imply a certain level of skill or training. Additional information about Sandia Investment Management LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: Material Changes**

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This Brochure dated March 2024, serves as an update to the Adviser's latest Brochure dated March, 2023. There have been no material changes since the Adviser's latest Brochure. Sandia Crest LP is undergoing an orderly wind-down and full liquidation audit for 12/31/2023. The issue date is expected in 2024. A remaining 5% of the fund is subject to audit holdback until April 2024.

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**Item 4: Advisory Business**

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Sandia Investment Management LP (“**Sandia**,” the “**Adviser**,” “**we**,” or “**our**”) is a Delaware limited partnership formed in 2020 by its owner, Timothy J. Sichler.

Through our liquidation audit date, Sandia serves as the investment adviser, with discretionary trading authority, to a private pooled investment vehicle, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Sandia provides management services to qualified investors through its private fund (which is not actively investing at this time) and separately managed institutional accounts (“**SMAs**”). At this time, we serve as the investment manager for the following private fund: Sandia Crest LP, a Delaware Limited Partnership (the “**Fund**”) where we expect a full liquidation in April 2024. Sandia also provides discretionary investment advisory services as a sub-advisor to private investment funds managed by other investment advisors (the “**Sub-Advised Funds**”).

The Fund and SMAs and the Sub-Advised Funds and future funds herein referred to as the “**Client**”, and collectively referred to as the “**Clients**”.

The future fund’s “**Limited Partners**” hereinafter referred to as the “**Investors**” where appropriate.

Sandia Funds GP LLC serves as the “**General Partner**” for the Fund.

Our investment decisions and advice with respect to the SMAs and the Sub-Advised Funds are subject to each such Client’s investment objectives and guidelines, as set forth in the SMAs’ “**Investment Management Agreements**,” and the Sub-Advised Funds’ “**Sub-Advisory Agreements**” (collectively, the “**Offering Documents**”).

Our investment decisions and advice with respect to the Fund and SMAs are subject to the Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**” and each Separately Managed Account’s objectives and guidelines, as set forth in its respective Investment Management Agreement, Portfolio Manager Agreement, or Investment Sub-Advisory Agreement (collectively “**Investment Management Agreements**”).

Sandia does not sponsor or participate in wrap fee programs.

As of December 31, 2023, Sandia had approximately \$599,600,000 in discretionary Regulatory Assets Under Management (“**RAUM**”) and \$35,389,869 in non-discretionary Regulatory Assets Under Management.

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**Item 5: Fees & Compensation**

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Sandia receives an asset-based management fee from Clients.

***Sandia Crest***

The charging of fees may be impacted by the Sandia Crest’s liquidation. On the first day of each calendar month, a Management Fee (the “**Management Fee**”) is debited from the account of each investor, and is calculated and payable monthly in advance as a percentage of the net asset value of the investor’s capital

account balance on such day. In the event that an investor (i) makes a capital contribution to Sandia Crest other than as of the first day of a month or (ii) makes a withdrawal from Sandia Crest other than as of the last day of a calendar month (except during the Lock-Up Period), the Management Fee will be pro-rated based on the admission date or Withdrawal Date of the investor and such expense shall be specifically allocated or rebated to investor making the contribution or withdrawal.

More information about Sandia Crest's fees and expenses are found in its Limited Partnership Agreement.

### ***Separately Managed Accounts and the Sub-Advised Funds***

Fees for the SMAs and the Sub-Advised Funds are individually negotiated. Sandia does not receive management fees in advance.

Fees for the SMAs and the Sub-Advised Funds do not include brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Clients will incur certain charges imposed by custodians and brokers, such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Sandia does not receive any portion of these commissions, fees, and costs.

Neither Sandia nor any of our Affiliates or employees accepts any compensation for the sale of securities or other investment products.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

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Sandia will receive performance-based fees as part of its advisory compensation for its SMAs and Sub-Advised Funds. Sandia's Clients will pay a performance allocation amount, calculated based on a certain percentage of the positive net capital appreciation of the fund.

A performance fee arrangement is a method of compensation where the adviser receives a percentage of the appreciation of the assets under management. Our receipt of performance-based fees gives us an incentive to maximize investment returns by making investments that may be subject to greater risk than would otherwise be the case if Sandia were not receiving performance-based compensation.

Performance-based fees for the SMAs and the Sub-Advised Funds are individually negotiated. The negotiated fees do not impact the equitable and fair allocation of investment opportunities across Clients.

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

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Sandia currently provides investment management and administrative services to and SMAs and Sub-Advised Funds.

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

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Sandia seeks to receive allocations that will enable it consistently to participate in the majority of ECM transactions, both IPOs and follow-on offerings. We optimize after-market trading opportunities and monetize additional alpha opportunities using a rules-based approach. The strategy seeks to produce excess returns with low correlation to market indices.

The SPAC strategy investment objective is to invest in a portfolio of SPAC equities, units, and warrants that have not completed a combination in addition to those that have completed a business combination and other event-driven opportunities, and which are redeemable for cash held in a trust account. The

investment objective is to maximize risk-adjusted returns and preserve capital by investing in a diversified portfolio of SPAC instruments including units, common stock, warrants, options, initial public offerings, secondary offerings and privately negotiated block trades. As well as a focus on US-listed SPACs and capital structure opportunities that arise from related transactions. Positions will be established and maintained / traded from a combination of primary and secondary issuance.

### ***Risks***

As with any investment, loss of principal is a risk of investing. This Brochure does not include every potential risk associated with the ECM strategy. Rather, it is a general description of the principal risks of the strategy.

Investing in equity securities involves risk of loss that Clients should be prepared to bear. There is no assurance that an investment will provide positive performance over any period of time. Past performance is no guarantee of future results and different periods and market conditions may result in significantly different outcomes.

#### *Market Risk:*

The market values of the securities owned in the strategy may decline, at times sharply and unpredictably. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

#### *High Portfolio Turnover Risk:*

Active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income. Frequent trading may also increase the amount of commissions or mark-ups to broker-dealers that an account pays when it buys and sells securities, which detracts from performance.

#### *Initial Public Offering ("IPO") Risk:*

IPO securities have no trading history, and information about the companies may be available for very limited periods. The prices of securities sold in IPOs may be highly volatile and their purchase may involve high transaction costs. At any particular time or from time to time, Sandia may not be able to invest in securities issued in IPOs on behalf of its Clients, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the Adviser. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of purchasers to which IPO securities are allocated increases, the number of securities issued to Sandia's Clients may decrease. The performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so. In addition, as an account increases in size, the impact of IPOs on the account's performance will generally decrease.

#### *Equity Security Risk:*

Equity securities in an account may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company,

industry, or sector of the market. From time to time, an account may invest a significant portion of its assets in companies in one or more related sectors or industries which would make the account more vulnerable to adverse developments affecting such sectors or industries.

*Global Economic Risk:*

National and regional economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country, region or market might adversely impact issuers in a different country, region or market. Changes in legal, political, regulatory, tax and economic conditions may cause fluctuations in markets and securities prices around the world, which could negatively impact the value of an account's investments.

*Cybersecurity Risk:*

Cybersecurity risk is the risk of an unauthorized breach and access to portfolio assets, customer data, or proprietary information, or the risk of an incident occurring that causes an account, Sandia, a custodian, transfer agent, distributor or other service provider or a financial intermediary to suffer a data breach, data corruption or lose operational functionality. Successful cyber-attacks or other cyber-failures may adversely impact the affected account and/or client. A cybersecurity breach could affect the issuers in which an account invests, which may cause declines in an issuer's security price.

*Management Risk:* This is the risk that Sandia will not successfully execute the strategy even after applying its investment process and sell discipline. There can be no guarantee that Sandia's decisions will produce the intended result, and there can be no assurance that the investment strategy will succeed.

*Inflation Risk:*

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the account and distributions can decline.

*Liquidity Risk:*

Liquidity risk exists when particular investments are difficult to purchase or sell. An account's investments in illiquid securities may reduce the returns of the account because it may be unable to sell the illiquid securities at an advantageous time or price.

*Issuer Risk:*

The risk that an issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the issuer's financial instruments over short or extended periods of time.

*Special Purpose Acquisition Companies ("SPACs"):*

Investments in SPACs 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 24 months from formation. SPACs typically have no revenue or operating history. The SPAC must use at least 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. Clients should consult the applicable Offering Documents to become familiar with SPACs and should fully understand the risks associated with SPACs prior to investing.

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**Item 9: Disciplinary Information**

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Neither Sandia nor any of its management persons have any legal and/or disciplinary events to disclose.

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**Item 10: Other Financial Industry Activities & Affiliations**

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Neither Sandia nor any officer or employee is registered as a broker dealer or as a representative of a broker dealer; or as a futures commission merchant, a commodity pool operator, or a commodity trading advisor or representative of the foregoing.

It should be noted that affiliates of Sandia may serve as the General Partner to certain Clients. If this occurs, the General Partner would be entitled to a performance-based fee.

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

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We have implemented a Code of Ethics (the “**Code**”) based on the principle that all employees of Sandia have a fiduciary duty to place the client’s interests ahead of their own or Sandia’s. The Code applies to all “**Access Persons**,” defined below. Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interests of our Clients.

Our employees submit personal securities transactions and holdings reports for review by our Chief Compliance Officer. We maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about our Clients or their account holdings by us or any of our employees.

“**Access Persons**” means all employees, directors and officers of Sandia who:

- (i) have access to non-public information regarding our Clients’ purchases or sales of securities; or
- (ii) are involved in making securities recommendations to Clients.

Clients and prospective Clients may obtain a copy of our Code of Ethics by contacting Sandia at the address or telephone number on the first page of this Brochure.

Neither Sandia, nor any of its related persons recommends securities to Clients, or buys or sells securities for Clients, at or about the same time that Sandia or a related person buys or sells the same securities for Sandia’s (or the related person’s own) account.

**Item 12: Brokerage Practices**

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***Selection of Broker Dealers***

In selecting broker-dealers, Sandia seeks to obtain the best price and execution quality for its Clients' transactions. Consequently, Sandia selects broker-dealers primarily on the basis of their execution capability and trading expertise. Sandia also takes into account such factors as current market conditions, size and timing of the order, depth of the market, per share price, difficulty of execution and financial responsibility. While Sandia will generally seek reasonably competitive commission rates in connection with a brokerage transaction on behalf of its Clients, Clients will not necessarily pay the lowest commission.

Transactions executed for Clients may be executed either on an agency or principal basis. Agency trades are executed through a broker's trading desk or using a broker's electronic algorithms. Principal trades are executed when a broker agrees to purchase or sell a specific quantity of shares at a negotiated price. In a principal trade, market impact and volatility risks are effectively transferred from Sandia to the executing broker. Sandia will generally effect transactions with broker-dealers on an agency basis. However, when situations arise in which a principal execution would result in better execution, Sandia will seek broker-dealers to effect the transaction on a principal basis.

On a quarterly basis, Sandia reviews broker-dealers and the efforts to seek best execution in light of current market circumstances and published statistical studies and other available information. On a quarterly basis, Sandia will set forth the percentage of total brokerage commissions Sandia will allocate to particular broker-dealers and third party research providers (the commission budget). This determination will be based on the certain daily, monthly and quarterly reviews of broker-dealers and the research and services provided by the broker-dealers.

Sandia does not consider marketing and distribution arrangements with broker-dealers that distribute Sandia sub-advised funds when trading with such broker-dealers for client accounts.

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

Sandia currently has no soft dollar arrangements.

***Directed Brokerage***

Sandia does not permit its Clients to instruct it to direct a portion of the securities transactions for its account to a specified broker-dealer.

***Allocation and Aggregated Trade Orders***

Where an opportunity is appropriate for more than one client, we seek to allocate investments *pro rata*, but may vary an allocation based on many factors, including buying power, matching existing allocation percentages, IPO size, portfolio liquidity or cash available.

Sandia will frequently aggregate multiple contemporaneous client purchase or sell orders into a block order for execution. If the aggregated order is not filled in its entirety, the partially filled order is allocated pro rata or another method that is fair to all Clients over time. Accounts for which orders are aggregated generally receive the average share price of such transaction, which could be higher or lower than the actual price that would otherwise be paid by such client absent the aggregation of orders. Any transaction costs incurred in the aggregated transaction will be shared pro rata based on each client's participation in the transaction.

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**Item 13: Review of Accounts**

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We monitor each client's investments on a continuous basis. We may conduct special reviews based on factors such as a change in the investment environment or tax laws, or newly identified investment areas and opportunities.

Clients receive periodic performance updates from Sandia.

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**Item 14: Client Referrals & Other Compensation**

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We do not receive any economic benefit, directly or indirectly, in connection with advice we give to Clients.

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**Item 15: Custody**

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Client's funds and securities are maintained at a "qualified custodian" as required under SEC Rule 206(4)-2, and we do not take physical possession of any client's funds or securities. However, due to our inability to deduct fees directly from certain client accounts, we are not deemed to have custody of certain client funds and securities under Rule 206(4)-2.

Clients should receive statements from their qualified custodian at least quarterly. We urge our clients to carefully review such statements and compare these official custodial records to the account statements we provide. The statements we prepare may differ from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us immediately if any material discrepancies are discovered. We are deemed to have custody of the funds of Sandia Crest and securities because we have the authority to obtain funds or securities on behalf of Sandia Crest, for example, by deducting advisory fees from the fund's account or otherwise withdrawing funds from the fund's account.

**We comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of Sandia Crest's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the fund's audited financials to its investors within 120 days of the fund's fiscal year end.**

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**Item 16: Investment Discretion**

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We have investment discretion over Clients' assets, except for certain separately managed account Clients, which is limited by any investment restrictions in Client's Offering Documents or Investment Management Agreements. In most cases, our Clients give us full discretion to buy and sell securities without prior approval according to the powers and instructions enumerated in their Offering Documents. With respect to such accounts, we hold a limited power of attorney to act without prior consultation.

We strive to make investment decisions on behalf of our clients considering each Client's individual investment objectives, restrictions and circumstances. From time to time this may result in situations where we are effecting investment decisions for one or more advisory clients that differ, in timing or otherwise, from investment decisions made for other advisory clients.

Clients may elect to constrain our discretionary authority via additional custom restrictions or guidelines so long those guidelines are provided to us in writing, and we agree to accept them.

**Item 17: Voting Client Securities**

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We make all decisions regarding mergers, acquisitions, tender offers, bankruptcy proceedings or other events related to securities in the account.

**Item 18: Financial Information**

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Sandia does not require or solicit the prepayment of any fees and does not have any adverse financial condition that is reasonably likely to impair Sandia's ability to continuously meet its contractual commitments to its Clients. Sandia has not been the subject of any bankruptcy proceedings.