

**GSB CAPITAL, LLC**

**GSB Capital, LLC**

**Coral Gables, FL**

**Form ADV Part 2A**

**March 18, 2024**

**Item 1 - Cover Page**

This brochure ("Brochure") provides information about the qualifications and business practices of GSB Capital, LLC ("GSB" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to GSB as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or limited partnership interests in any of the investment funds sponsored, managed, or advised by GSB. An offer of such funds can only be made through the offering materials for the relevant investment fund and only in jurisdictions in which such an offer would be lawful.

If you have any questions about the contents of this Brochure, please contact us at (415) 516-5164 or [gbennett@gsb-capital.com](mailto:gbennett@gsb-capital.com). Additional information about GSB is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at GSB's website at [www.gsb-capital.com](http://www.gsb-capital.com).

**Item 2 - Summary of Material Changes**

The only notable change contained in this annual update is found in Item 4, where the Firm has amended this section to reflect its Regulatory Assets under Management as of December 31, 2023.

**Item 3 - Table of Contents**

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**Item 4 - Advisory Business**

- A. GSB is a Delaware limited liability company that was formed 1998 and is wholly owned by Geoffrey Bennett. Any references to the “Firm”, “us,” “we,” and “our” in this Brochure refer to GSB. Any defined terms used in this Brochure not otherwise defined herein, have the definition ascribed to them in the offering documents of the applicable Fund (as defined below).
- B. GSB uses a long-short market equity strategy focusing predominantly on liquid equities in Japan. The market neutral strategy involves the Fund taking long positions in companies with attractive or improving fundamentals and short positions in companies with unattractive or deteriorating fundamentals. The objective is to earn an attractive absolute rate of return while reducing exposure to broad price changes in the Japanese stock market. GSB does not limit its investment advisory services to any specific type of client. However, GSB currently offers investment advisory services to private pooled investment vehicles and separately managed accounts structured as private funds (each, a “Client,” and collectively, “Clients”), including a sub-advisory relationship with a master-feeder complex consisting of private pooled investment vehicles (each, a “Fund,” and collectively, the “Funds”) and one or more separately managed accounts structured as private funds (each, an “SMA,” and collectively, “SMAs”). Geoffrey S. Bennett acts as the Managing Member of GSB. While much of this Brochure applies to all Clients, certain information included herein applies only to specific Clients or a specific Fund.

**All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by the Firm in connection with management of the Funds, are qualified in their entirety by reference to each Fund’s respective offering memorandum and advisory agreement.**

- C. GSB manages investment advisory services in accordance with the respective governing documents and investment management agreements outlining the investment objectives applicable to each Client. Fund investors do not have the ability to impose specific restrictions on securities or types of securities that the Fund will invest. GSB may negotiate restrictions regarding managed account clients and the types of investment instruments and level of leverage permitted regarding those managed accounts on a case-by-case basis if and when applicable. There can be no assurance that the Fund or any strategy executed pursuant to any investment management agreement will achieve its investment objective or avoid substantial losses. In addition, results may vary substantially over time. The Firm’s Clients use a long-short market equity strategy focusing predominantly on liquid equities in Japan.
- D. GSB does not participate in any wrap fee programs.
- E. As of the date of this filing, the Firm manages approximately \$139,987,874 in regulatory assets under management on a discretionary basis. The Firm does not manage client assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

- A. The fees applicable to each Fund are set forth in detail in each Fund’s respective offering documents and each SMA’s respective investment management agreement. The Funds’ fee schedules are

omitted because this brochure is being delivered only to “qualified purchasers,” as defined in 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). For other Clients, such as SMAs, the applicable types, frequency, calculation, and manner of our receipt, of compensation in connection such Clients are negotiated and set forth in the applicable governing documents and may vary from other Clients. A summary of the fees, expenses, and incentive compensation to which the Funds are subject, however, is provided below.

The Firm or the Firm’s affiliates receives management-based and performance-based compensation. Performance-based compensation is determined by the performance of each Fund’s respective assets under our management, subject to the terms of any applicable Governing Document (any such amount, a “Performance Amount”). Performance Amounts will generally be calculated based upon the annual trading profits of the assets managed by us after subtracting certain expenses, including, with respect to the Funds, the Management Fee. Management-based fees are paid based on a percentage of the Net Asset Value attributable to each applicable share class paid directly to the investment manager before the deduction of any Performance Fee.

The Firm or the Firm’s affiliates may fully or partially waive, rebate, or calculate differently, the Management Fee and/or Performance Amount with respect to any Fund Investor in our sole discretion.

- B. In connection with each Fund, fees and compensation paid to us or our affiliates are generally deducted from the Fund’s assets in arrears within 30 days of the end of each month and on a pro rata basis for any shorter period, including on termination of the investment management agreement. This fee is payable monthly in arrears within 30 days of the end of each month and on a pro rata basis for any shorter period, including on termination of the investment management agreement. The Investment Manager<sup>1</sup> may, in its sole discretion, reduce or waive the management fee at any time. The Firm may from time to time receive its entitlement to a portion of the management fee as agreed with the Investment Manager by the issuance of shares of the Fund(s).

Performance Amount is calculated on a Class-by-Class basis in an amount equal to the specific percentage, negotiated based on share class, of the increase of each relevant class of shares, in the Net Asset Value per Share above the High-Water Mark during each Performance Period. The Performance Period refers to the period commencing on the initial date the Share is issued and ending at the close of business on the first to occur of: (1) the end of the Fiscal Year end (December 31); each Redemption Day with respect to Participating Shares redeemed before Fiscal Year end; and the date the Fund commenced winding up.

For other Clients such as SMAs, as stated above, the manner in which we receive our compensation is generally negotiated and set forth in the applicable governing documents.

- C. All costs and expenses associated with the launch of the Firm’s Fund(s), including government incorporation charges and professional fees and expenses in connection with the preparation of the establishment of the Funds and their operating agreements referred to herein will be paid by the Fund out of the proceeds of the initial subscriptions and amortized over a period of three years from launch.

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<sup>1</sup> Investment Manager herein refers to Gordian Capital Singapore Private Limited, the sponsor of the Funds sub-advised by the Firm.

While the Directors consider that such an accounting policy is appropriate, that policy may lead to qualifications in the Fund's audited financial statements.

The Firm renders its services to the Clients at its own expense including, without limitation, the payment of the compensation of employees or personnel necessary for such services, office costs and other administrative and operational costs and expenses, except that certain hardware and software expenses may be charged to the Fund by the Firm.

The Firm's Fund(s) do however bear all other expenses incidental to its operations and business, including, all transactional costs including brokerage, banking, sales and purchase commissions and charges and exchange fees, fees and charges of custodians and clearing agencies, interest and commitment fees on loans and debit balances, income taxes, withholding taxes, transfer taxes and other governmental charges and duties, any costs incurred in respect of meetings of the Directors (including its committees) and meetings, if any, of shareholders, fees of the Fund's legal advisers and the Auditors, Directors' fees and expenses, the costs of maintaining the Fund's registered office in the Cayman Islands and its registration as a mutual fund with the Cayman Monetary Authority and the costs of printing and distributing any offering materials and any reports and notices to shareholders.

The Investment Manager may pay, or cause to be paid, fees to persons, whether affiliated with the Investment Manager, who are instrumental in the sale of Shares. Any such fees will in no event be payable by or chargeable to the Fund or any Shareholder or prospective Shareholder, unless there is an offsetting credit or fee reduction given by the Investment Manager on either or both fees.

Regarding the Firm's SMAs, as compensation for providing its investment advisory services under this Agreement, the Firm shall receive an advisory fee (the "Performance Fee") as negotiated with each individual SMA counterparty.

- D. Advisory fees and expenses are generally assessed and paid in arrears, as in the case of the Fund(s). For other Clients, such as SMAs, fees may be paid in advance or in arrears, depending on the terms of the applicable governing documents. In general, we do not refund any fees, pre-paid or otherwise.
- E. Neither GSB nor any of its supervised persons accepts 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 Fees and Compensation, GSB is entitled to be paid performance-based compensation from certain Clients. Such performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

In the future, we and/or our affiliates may accept performance-based compensation from some Clients and not other Clients. As a result, we and our affiliates would face certain conflicts of interest that may arise in such cases when an investment adviser accepts performance-based fees from some Clients, but not from other Clients. Additionally, performance-based fees paid by Clients may vary, which also could create an incentive for us to favor one Client over another. We believe these conflicts of interest should be effectively mitigated by our trade allocation policy, which endeavors to divide our trades in a fair and equitable manner across Clients over time.

**Item 7 - Types of Clients**

As described above in Item 4, we provide investment advice to our Clients, which include private pooled investment vehicles. It is not expected that any Client will be an individual or trust, however, the investors in the pooled investment vehicles may include individuals, pension plans, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may also include, directly or indirectly, principals or other employees of GSB and its affiliates and members of their families or service providers retained by GSB.

GSB does not have a minimum account size for Clients. For each Fund, GSB has a minimum initial subscription per investor of US \$1,000,000. In general, Investors will be required to be accredited investors and qualified purchasers (as each such term is defined under applicable law) or qualified knowledgeable GSB personnel. The Fund has appointed Gordian Capital Singapore Private Limited to act as investment manager pursuant to the investment management agreement between the Fund and the investment manager. The investment manager has appointed GSB Capital, LLC to act as sub-investment manager of the Fund pursuant to sub-investment management agreement between the investment manager and the sub-investment manager.

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

All references to the Funds in this brochure, including but not limited to, their investments and management strategies, are qualified in their entirety by reference to each Fund's respective offering documents. The following is a general discussion of the methods of analysis, investment strategies and risk of loss associated with GSB's overall investment strategy. These risk factors may change over time. There can be no assurance that the Funds will achieve their objectives or that the Funds will not incur losses. Investors in the Funds must be prepared to lose all or substantially all of their investment in the Funds.

**THE INFORMATION BELOW IS INTENDED TO SERVE AS A SUMMARY OF POTENTIAL RISKS OF INVESTING. THE FOLLOWING IS NOT A SUBSTITUTE FOR THE OFFERING DOCUMENTS OF THE FUNDS OR INVESTMENT MANAGEMENT AGREEMENTS OF EACH SMA AS APPLICABLE. POTENTIAL INVESTORS IN THE FUNDS MUST REVIEW OFFERING DOCUMENTS IN THEIR ENTIRETY BEFORE INVESTING. THIS INFORMATION MAY BE BOTH SUPPLEMENTED AND SUPERSEDED BY INFORMATION IN THE OFFERING DOCUMENTS FOR THE FUNDS AND THE INVESTMENT MANAGEMENT AGREEMENT OF EACH SMA AS APPLICABLE.**

- A. ***Methods of Analysis, Investment Strategies:*** The investment objective is to, on a market-neutral basis, earn an attractive absolute rate of return. The equities market in Japan is at a crossroads as the Japanese government maps out structural changes aimed at boosting the post-pandemic economy while grappling with long-term challenges affecting the Japanese economy. Japan faces the intertwined challenges of rapid population ageing and high government debt. In addition, the government has announced digitalization and carbon neutrality as two key policy initiatives. These changes create numerous opportunities for the investment strategy that GSB employs.

Japan's long overlooked stock market is a rich source of alpha opportunities. As the second largest developed economy in the world, it is the last fundamental place left for looking at valuation discrepancies.

- (1) **Alpha Opportunities.** The Japanese equity markets remain dominated by beta-oriented investors. The investment strategy focuses on companies with a consistent ability to generate free cash flow and which are re-invested at high rates of return through business expansion and shareholder payoffs. The investment strategy uses beta as the driver of risk, which is adjusted to take advantage of economic cycles.
- (2) **Bottom-Up Fundamentals.** Japan is as misunderstood as it has been for years, with investors quickly congealing around macro-level data rather than company fundamentals. Even within the large and mid-cap space inefficiencies may be found, due in part to the dearth and inexperience of analysts. Proprietary research and analysis at the individual stock level provide a higher probability of generating alpha returns.
- (3) **Focus on Research.** Rigorous screening and research processes for every portfolio name provide the framework for achieving recurring investment performance. The objective is to obtain maximum impact from the research and to initiate only high conviction investments.

The investment process begins with thorough quantitative screening of the mid and large capitalization Japanese universe of approximately 125 companies. The investment universe is derived from a group of technology-related stocks that GSB's founder has been covering for nearly 30 years. The stocks are classified into 5 sectors including TMT (telecom-media-technology), Games, Software, Machinery, and Electric Materials. Proprietary screening developed over 20 years allows the Firm to reduce that universe to a smaller more manageable universe of approximately 65 names, based on differential analysis of operating margins, EPS, cash flow, net assets, prices/sales ratio, EBITDA, ROE, asset growth and total shareholder return. The intrinsic value of individual stocks and the target stock price of the stocks are derived from a proprietary valuation model. The investment strategy further whittles the universe to a core portfolio of approximately 25 names by ranking the most likely profitable long/short candidates and utilizing a proprietary technical model that uses the up-down ratio.

There can be no assurance that the Fund will achieve its investment objective or avoid substantial losses.

- B. **RISKS:** The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Firm's investment program. These risk factors include only those risks the Firm believes are material, significant or unusual and relate to particularly significant investment strategies or methods of analysis we use.

*Absence of Operating History.* The Fund is a newly organised entity and does not have an operating history upon which investors may base an evaluation of its likely performance. The Fund's results will depend upon the availability of suitable investment opportunities for the Fund and the performance of the Fund's investments.

*Cross Liability among Classes in the Fund.* The Fund has the power to issue shares in separate classes. Pursuant to the relevant governing documents, liabilities are to be attributed to the specific class of



shares in respect of which the liability was incurred. However, all of the assets of the Fund are available to meet all of its liabilities regardless of the class of shares to which such assets or liabilities are attributable. While the Fund does not expect any class of shares to be unable to satisfy all of the liabilities attributed to it, there can be no guarantee that such a situation will not occur. In such a case, the assets of the Fund attributable to other classes of shares may be applied to cover such shortfall, and the value of the contributing classes of shares will be reduced by the amount contributed.

*Nature of Investments.* The Firm's business will involve a high degree of financial risk. The Firm's investment strategy is inherently subject to general systematic risks such as the risk of market volatility, recessions, market crises, trade wars, trade tensions, geopolitical risks, sanctions risks, technology risks, intellectual property risks, changes in the legal and regulatory environment, changes in government policies, material deviations from historical pricing relationships and other adverse market conditions. Markets in which Clients are anticipated to invest are subject to a high degree of volatility and performance may be volatile. There can be no assurance that a Client's investment objectives will be realised or that shareholders will receive any return on their investment. There are no limitations on the types of investments a Client may make, subject to any restrictions set forth in each Client's respective governing documents. Depending on the investment vehicle used, the Firm in its sole discretion may employ such investment and trading strategies and methods as they determine to adopt. Clients may also invest in securities for which no active trading market exists and the value of any such securities shall be determined by the Firm. As a result of these investment risks, an investor may lose all or a substantial amount of his investment in the Fund or other investment vehicle.

*Short Selling, Options and Futures Trading.* The Firm's investment program may include short selling and trading in options and futures (upon the receipt of any necessary regulatory exemptions or approvals). Such investments can be extremely volatile and substantially increase the impact of adverse price movements on the sale of shares. There can be no assurance that the strategy adopted for investing in options will be profitable or that an investor will not lose some or all of his investment.

*Leverage.* The Firm may leverage a Client's capital because the Firm believes that the use of leverage enables Clients to achieve a higher rate of return. Accordingly, the Fund may pledge its securities in order to borrow additional funds for investment purposes. Clients may also leverage their investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings that Clients may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Client would be magnified to the extent the Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to a Client's investments could result in a substantial loss to the Client which would be greater than if the Client was not leveraged.

*Derivative Instruments and Trading in Commodity Interests, Futures, Options, and Swap Agreements.* Clients may use derivatives, such as options, futures, swaps and contracts for difference. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict, and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a Client, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force the

Firm to close out positions). In addition, some derivatives carry the additional risk of failure to perform by the counterparty to the transaction. Many unforeseeable events, such as a change of government policies, can have profound effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments. Trading in derivative instruments can result in large amounts of operational leverage. Leverage offered by trading in derivative instruments will magnify the gains and losses experienced by a Client and could cause a Client's net asset value to be subject to wider fluctuations than would be the case if the investment vehicle did not use the leverage feature of derivative instruments.

Swaps and certain options and other custom instruments that are not centrally cleared are subject to the risk of non-performance by the swap or option counterparty, including risks relating to the creditworthiness of the counterparty. In addition, Clients also are subject to the risk of the failure of any of the exchanges on which a Client trades or of its clearing houses. Clients may enter into swap agreements. Depending on their structure, swap agreements may increase or decrease the exposure of the Client to changes in volatility, long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. Subject to each Client's governing documents, Clients are generally not precluded from any particular form of swap or option agreement if the Firm determines it is consistent with the investment objective and policies of the investment vehicle.

Clients may enter into other types of derivative financial instruments developed in the future, some of which may involve risks different from the risks described above.

*Hedging Transactions.* Clients may or may not use "hedged" or arbitrage strategies. The lack of hedging may result in greater losses if an unhedged investment risk is realized. Substantial losses may be recognised on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculative investment. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the price spread between different classes of stock for the same issuer. Clients may engage in derivative transactions as part of its investment strategy, which includes the use of financial derivative instruments for hedging against fluctuations in the relative values of the Client's portfolio positions as a result of changes in exchange rates, interest rates, prices of underlying assets and levels of other interest rates and prices of other securities. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks.

There can be no guarantee that there will be a correlation between price movements in the instrument used and the underlying investments of the Firm's Clients that are being hedged through the use of the instruments. Moreover, there may be an imperfect correlation between derivative instruments used and the investments to be hedged, causing the use of a particular technique not to achieve its intended objectives. The degree of imperfection of correlation depends upon circumstances such as variations in speculative market demand, and differences between financial instruments being hedged and instruments underlying the standard contracts available for trading in such respects as interest rate levels, maturities and creditworthiness of issuers. An imperfect hedge may result in a loss of capital to the Firm's Clients. A decision as to whether, when and how to hedge involves exercise of skill and judgment, and even a well-conceived hedge may be unsuccessful because of market behaviour or unexpected interest rate trends.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risks of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin.

The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected objectives.

*Futures and options trading is speculative and volatile.* Futures and options prices are highly volatile. Such volatility may lead to substantial risks and returns, generally much larger than in the case of equity or fixed-income investments. Price movements for futures are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; macro political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and emotions of other market participants. None of these factors can be controlled by Clients, and no assurance can be given that Clients' trades will result in profitable trades for a participating customer or that a customer will not incur substantial losses. The purchaser of an option is subject to the risk of losing the entire purchase price of the option, while the writer of an option is subject to an unlimited risk of loss, namely the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract or other asset underlying the option which the writer must purchase or deliver upon exercise of the option. Thus, an investment in the Firm's Clients is suitable only for those investors with speculative capital who understand the risks of futures and options markets.

Clients may purchase call and put options in respect of specific futures contracts and may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying contract at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying contract at a stated exercise price at any time prior to the expiration of the option. A covered call option sold by a Client, which is a call option with respect to which the Client owns the underlying contract, exposes the Client during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying contract or to possible continued holding of a contract which might otherwise have been sold to protect against depreciation in the market price of the contract. A covered put option sold by a Client, which is a put option with respect to which the Client has sold short an equivalent number of the underlying contract or owns an offsetting put option, exposes the Client during the term of the option to possible loss of opportunity to realize profit due to a decline in price of the underlying contract.

Clients may engage in "uncovered" option transactions, where the writer of a call option does not own an equivalent number of the underlying contracts or, in the case of a put option, the writer has not segregated cash to fulfil the obligation, has not sold short an equivalent number of contracts and does not own a put option covering an equivalent number of contracts with an exercise price equal to or greater than the exercise price of the put written.

The over-the-counter foreign currency market has counterparty risks that do not exist in futures trading on exchanges.

Clients may trade currencies, in the spot and forward markets, for investment and hedging purposes. Clients may enter into forward currency contracts with banks, financial institutions or dealers acting as principal. Forward currency contracts may not be liquid in all circumstances, so that in volatile markets, to the extent the Client wishes to do so, it may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss. Closing transactions with respect to forward currency contracts usually are effected with the currency trader who is a party to the original forward contract and generally require the consent of such trader. There can be no assurance that the Fund will be able to close out its obligations.

There are no limitations on daily price moves in forward contracts. Banks and other financial institutions with which Clients may maintain accounts may require the relevant investment vehicle to deposit margin with respect to such trading. Banks are not required to continue to make markets in forward contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually widespread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Trading of forward contracts through banks is not regulated by any US governmental agency. Clients will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts.

*The unregulated nature of the over-the-counter markets creates counterparty risks that do not exist in futures trading on exchanges.* Forward markets (including foreign currency markets) offer less protection against defaults in trading than is available when trading occurs on an exchange. Forward contracts are not guaranteed by an exchange or clearing house, and, therefore, a non-settlement or default on the contract would deprive Clients of unrealized profits or force Clients to cover their commitment to purchase and resale, if any, at the current market price.

Additional risks of the forward markets include: (i) the forward markets are generally not regulated by any US or foreign governmental authorities; (ii) there are generally no limitations on daily price moves in forward transactions; (iii) speculative position limits are not applicable to forward transactions, although the counterparties with which Clients may deal may limit the size or duration of positions available as a consequence of credit considerations; (iv) participants in the forward markets are not required to make continuous markets in forward contracts; (v) the funds deposited with forwards counterparties may not be segregated from the counterparties' own funds; and (vi) the forward markets are "principals' markets" in which performance with respect to a forward contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearing house. As a result, Clients are at risk with respect to the creditworthiness and trading practices of its foreign exchange counterparties as the counterparty to its contracts.

*The swaps and derivatives markets involve counterparty risks that do not exist in futures trading on exchanges.* Clients may enter into swap contracts and related derivatives agreements with various counterparties. Although new regulations are currently being implemented that will require many swaps and other derivatives in the United States to be traded on exchanges or settled through clearing houses, it is as yet unclear how these rules will operate in practice in some markets and with respect to some instruments. Over-the-counter transactions may be subject to fewer requirements than exchange-traded transactions with respect to record keeping, financial responsibility or segregation

of customer funds and positions. The default of a party with which Clients have entered into a swap or other derivative may result in the loss of unrealized profits and force Clients to cover their resale commitments, if any, at the then current market price. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and the Fund may not be able to enter into an offsetting contract in order to be able to cover its risk.

*Clients have credit risk with respect to its futures brokers.* The US Commodity Exchange Act requires a US broker to segregate all funds received from such broker's customers in respect of regulated futures transactions from such broker's proprietary funds. If the broker were not to do so to the full extent required by law, Clients' assets might not be fully protected in the event of the bankruptcy of the broker. In the event of the broker's bankruptcy, Clients would be limited to recovering only a pro rata share of all available funds segregated on behalf of the broker's combined customer accounts, even though certain property specifically traceable to the Firm's Clients, (for example, US Treasury bills deposited by the Fund or SMA) was held by the broker. Under certain circumstances, such as the inability of another client of a broker or the broker itself to satisfy substantial deficiencies in such other client's account, Clients may be subject to a risk of loss of the assets on deposit with the broker, even if such assets are properly segregated. In the case of any such bankruptcy or client loss, Clients might recover, even in respect of property specifically traceable to a Client, only a pro rata share of all property available for distribution to all of the broker's clients. In addition, in the event of bankruptcy or insolvency of an exchange or an affiliated clearing house, a Client might experience a loss of funds deposited through its broker as margin with an exchange or affiliated clearing house, the loss of unrealized profits on its open positions, and the loss of funds owed to it as realized profits on closed positions. If Clients retain brokers that are not subject to US regulation, the funds deposited with those brokers might not be segregated.

*The Firm's Clients have credit risk with respect to its securities brokers.* While both the US Bankruptcy Code and the US Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a securities broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of securities or other assets of the Firm's Clients, the investment vehicle would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. Clients and/or their Prime Brokers may appoint sub-custodians in certain non-US jurisdictions to hold a Client's assets. The Prime Broker may not be responsible for cash or assets which are held by sub-custodians in certain non-US jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. Clients may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a Client by a custodian may not be available to a Client. Custody services in certain non-US jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-US jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-US jurisdictions, the ability of Clients to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Clients may be subject to significantly less favourable laws than many of the protections that would be available under US laws. In addition, there may be practical or time problems associated with enforcing Clients' rights to its assets in the case of a bankruptcy or insolvency of any such party.

*Emerging markets.* The Firm's Clients may invest in foreign securities of various emerging markets. The risks of foreign investments are usually much greater for emerging markets including increased

currency, information, liquidity, market, political and valuation risks. Investments in emerging markets may be considered speculative. Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. They are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to US investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

*Clients, may engage in short sales, which can increase their exposure to greater losses.* Short sales of securities involve the sale of securities which are borrowed from a third party lender (such as a brokerage firm). If borrowing securities for short sales, Clients are required to pledge deposits of cash or securities equal to or exceeding the market price of the securities borrowed. The amount of such deposits may increase or decrease to reflect changes in the market price of the borrowed securities. Lenders of securities customarily make payments to the borrower's broker or clearing agent at negotiated rates, based on the amount of cash collateral deposited with the lender, the available supply of the securities from other sources, prevailing interest rates and other factors. The Client's broker allocates to the Client a portion of any such payments arising from short sales for the Client's account. Securities borrowed by Clients are returned by delivering either securities received in an exchange transaction or securities purchased in the market. Although short selling permits Clients to profit from declines in the price of securities, the Client will experience a loss if it is required to replace borrowed securities by purchasing them in the market at a time when the market price has increased over the price received at the time of the short sale.

*Market illiquidity may cause less favourable trade prices.* Futures trading at times may be illiquid. Most United States commodity exchanges limit price fluctuations in certain commodity interest prices during a single day by means of "daily price fluctuation limits" or "daily limits." The daily limit, which is set by most exchanges for all but a portion of the expiration month, imposes a floor and a ceiling on the prices at which a trade may be executed, as measured from the last trading day's close. While these limits were put in place to lessen margin exposure, they may have certain negative consequences for Clients' trading. For example, once the price of a particular contract has increased or decreased by an amount equal to the daily limit, thereby producing a "limit-up" or "limit-down" market, positions in the contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Contract prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavourable positions, subjecting Clients to substantial losses.

*Clients are subject to speculative position limits, which may limit its ability to generate profits or result in losses.* The CFTC and various exchanges impose speculative position limits on the number of futures positions a person or group may hold or control in particular futures. Most physical delivery and many financial futures and option contracts are subject to speculative position limits. The CFTC has established position limits with respect to contracts for corn, oats, wheat, soybeans, soybean oil, soybean meal, and cotton, and may in the future impose limits on additional contracts and economically equivalent swaps. In other markets, the relevant exchanges are required to determine whether and to what extent limits should apply. For purposes of complying with speculative position limits, the Client's outright futures positions will be required to be aggregated with any futures positions owned or controlled by the Client. As a result, the Client may be unable to take positions in particular futures or may be forced to liquidate positions in particular futures, which could limit the ability of the Client to earn profits or cause it to experience losses.

*Operational Risks.* The Firm is responsible for developing, implementing and operating appropriate systems and procedures to execute all investment transactions and monitor and control operational risk on behalf of Clients. The Firm relies on its execution, financial, accounting and other data processing systems to trade, clear and settle all transactions, to evaluate and monitor potential and existing portfolio investments, and to generate risk management and other reports that are critical to oversight of client accounts. Certain functions of the Firm's operations are dependent upon systems operated by third parties, including the administrator of a Client, prime brokers, counterparties, electronic exchanges, other execution platforms and their various service providers. The Firm may not be in a position to verify the reliability of such third-party systems or data. Failure of or errors in such systems could result in mistakes or delays in the execution, confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. The increasing reliance on internet-based programs and applications to conduct transactions and store data also creates increased security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems and access by unauthorized persons to sensitive transactional or personal information. Data taken in breaches may be used by criminals to commit identity theft, obtain loans or payments under false identities, and other crimes. Cybersecurity breaches of the Firm or its service providers or counterparties may directly or indirectly affect Clients, and could lead to theft, data corruption, interference with business operations, disruption of operational systems, interference with the Firm or Client's ability to execute transactions, direct financial loss or reputational damage, or violations of applicable laws related to data and privacy protection and consumer protection.

*Effect of Redemptions.* Regarding the Firm's Funds, if significant redemptions of shares are requested, it may not be possible to liquidate a Fund's investments at the time such withdrawals are requested or may be able to do so only at prices which the directors believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. In addition, although it is expected on termination of the Fund to liquidate all of the Fund's investments and distribute only cash to the shareholders, there can be no assurance that this objective will be attained.

*Counterparty Default.* Due to the nature of some of the investments which Clients may make in respect of the shares, the applicable investment vehicle may rely on the ability of the counterparty to a transaction to perform its obligations. In the event that any such party fails to complete its obligations for any reason, the investment vehicle may suffer losses. As such any default by a counterparty could have a material adverse effect on the Firm's Clients.

*Absence of Secondary Market.* Regarding the Firm's Funds' shares, currently there is no public market for the shares and it is unlikely that any active secondary market for any of the shares will develop. Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The shareholders might be able to dispose of their shares only by means of redemptions on the relevant redemption day at the redemption price, in the absence of an active secondary market. The risk of any decline in the net asset value during the period from the date of notice of redemption until the redemption day will be borne by the shareholder(s) requesting redemption. In addition, the directors have the power to suspend and compel redemptions. There are also restrictions on transferring shares.

*Operating Deficits.* The expenses of operating Clients (including the fees payable to the Investment Manager, the administrator and other service providers) may exceed Client's income, thereby requiring that the difference be paid out of a Client's capital, reducing the value of the Client's investments and potential for profitability.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of Clients. None of these conditions are within the control of the Firm and no assurances can be given that the Firm will anticipate these developments.

*Calculation of Net Asset Value.* There is no assurance that the determination of the net asset value as described above reflects the actual sales prices of the securities, even when such sales occur very shortly after the valuation day. If sales of investments result in fewer proceeds than estimated, the remaining shareholders will see the net asset value of Clients reduced.

*Investment Expenses.* The investment expenses (e.g. expenses related to the investment and custody of Client's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as Clients' fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Client will bear these costs regardless of its profitability.

*Market Risk.* Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

*Exchange Fluctuations for the Firm's Clients.* The Base Currency of the Fund(s) are [JPY]. Fluctuations in the [JPY] exchange rate against the shareholder's domestic currency are unpredictable and can have a significant impact on the return on investment to each investor. Also, investments in foreign securities involve the risks of currency fluctuations between the [JPY] and the currency in which such investment is made.

*International Investing for the Firm's Fund(s).* A substantial portion of the trades executed for Clients take place on foreign exchanges. Additional risks of international investing include political or economic instability in the country of issue, and the possible imposition of exchange controls or other laws or restrictions. In addition, prices of securities in non-US markets are generally subject to different economic, financial, political and social factors than are the prices of securities in US markets. With respect to some countries there may be the possibility of expropriation or confiscatory taxation, limitations on liquidity of securities, or political or economic developments which could affect the non-US investments of the assets held by Clients. Moreover, securities of foreign issuers generally will not be registered with the SEC, and such issuers will generally not be subject to the SEC's reporting requirements. Accordingly, there is likely to be less publicly available information concerning certain of the non-US issuers of securities held by Clients than is available concerning US companies. Non-US companies are also generally not subject to uniform accounting, auditing or financial reporting standards, or to practices and requirements comparable to those applicable to US companies. There may also be less government supervision and regulations of foreign broker-dealers, financial institutions and listed companies than exist in the US these factors could make investments made by the Clients, especially those made in developing countries, more volatile than investment in US companies. All of the above issues should be considered before investing in shares. Some emerging markets countries may have fixed or managed currencies that are not free floating against the US Dollar. Further, certain currencies may not be traded internationally. Certain of these currencies have experienced a steady devaluation relative to the US Dollar. This could have an impact on the Fund(s)' shares.



*No Guarantee.* There is no guarantee that implementation of the investment objective or strategy with respect to the assets of the Clients will not result in losses to investors.

*Stock market fluctuations.* General fluctuations in the prices of listed securities may affect the value of the investments held by Clients. In recent years, securities markets have exhibited substantial volatility. The value of the Firm's Clients, and the applicable Shares can fall as well as rise, in line with the underlying portfolio, sometimes rapidly and unpredictably. In addition to market risk the value may also move independently of the underlying assets due the legal structure, leverage and the track record and judgement of the directors or any investment manager they may appoint. In particular, some Japanese securities markets may be less liquid and highly volatile. Trading volumes during certain periods on such markets can be small. Some Japanese equity markets, such as JASDAQ, Mothers, etc., do not have high liquidity. There is no guarantee that a buyer or seller will be willing to transact at any price for a given security.

*Substantial Fees and Expenses.* Clients will be required to meet certain fixed costs, including establishment and offering expenses, investment-related expenses, and ongoing administrative and operating expenses (such as fees payable to the service providers). These fees and expenses may be substantial and will be payable by the Client regardless of whether any profits are realised by the Client.

*Substantial Redemptions of shares in the Firm's Fund(s).* Substantial redemptions of shares of the Fund(s) could: (i) cause the indirect liquidation of investments at a time which could adversely affect the value of the remaining shares or the risk profile of the remaining investments; and/or (ii) result in the directors determining to terminate the Fund(s).

*Material Non-Public or Confidential Information.* The Firm and its respective affiliates may acquire material non-public and/or confidential information that may restrict by law, internal policies or otherwise the Firm and its respective affiliates from purchasing securities or other assets, or selling securities or other assets, for themselves or their clients or otherwise using or receiving such information for the benefit of their affiliates or their clients. Due to these restrictions, the Firm may not initiate a transaction for Clients' accounts that the Firm otherwise might have initiated, and this may have a significant impact on the ability to implement the Firm's strategy. In addition, a Client may thereby become frozen in an investment position that it otherwise might have liquidated or closed out. In order to maintain flexibility to invest in securities without violating securities laws that restrict trading while in possession of material non-public information, the Firm may establish internal structures and information walls restricting its access to material non-public information that might otherwise be available to it through its relationships with its affiliates. As a result, the Firm's investment flexibility may be constrained and it may sometimes make investment decisions that are different than those it would make if it had access to such information. Such decisions may result in a material loss to the Clients.

*Side Letters of the Firm's Fund(s).* From time to time, the Fund(s) in consultation with the Investment Manager may enter into Side Letters with investors, which may provide such investors with additional and/or different rights (including, without limitation, with respect to the performance fee, management fee, minimum and additional subscription amounts, informational rights due to regulatory, compliance, risk aggregation, reporting, taxation or other similar reasons, capacity rights, most favoured investor rights, individual investor approval requirements, transfer rights, and other

rights). Preferential reporting rights will enable other investors to make investment decisions on information not available to shareholders generally. For example, a side letter may permit a shareholder to redeem shares on less notice and/or at different times than other shareholders. As a result, should the Fund(s) experience a decline in performance over a period of time, a shareholder who is party to a side letter that permits less notice and/or different redemption times may be able to redeem shares prior to other shareholders. Except as required by applicable law, none of the investment manager, the fund, any of their respective directors, officers, employees, or any other party will be required to notify any shareholder of any such side letters or any of the rights, terms or provisions thereof. Further, neither the Fund(s) nor the Firm will be required to offer such additional or different rights or terms to the shareholders generally. The other shareholders will have no recourse against the Fund(s), the investment manager and/or any of their affiliates in the event that certain shareholders receive additional and/or different rights and/or terms as a result of such side letters.

*Taxation.* Clients will be structured in a manner that is tax efficient. However, there can be no assurance that such structure will be tax efficient in general or for any particular investor or that any particular tax result will be achieved. An investment in shares of the Fund(s) involves potentially significant tax risks, including the risk of challenge by applicable tax authorities as to positions taken by the Fund(s) and the risk of adverse changes in tax law. Tax consequences on a sale or refinancing of any assets may result in conflicts of interest, and refinancing may trigger tax indemnification obligations. There also can be no assurance that the applicable tax authorities will not attempt to challenge and/or raise claims concerning the tax consequences resulting from the structure and/or the operation of Clients. In general, tax laws, treaties, rules and procedures are extremely complex and are subject to changes on a frequent basis, which in some cases may reduce existing tax benefits, and may also have a retroactive effect. Accordingly, each potential investor is urged to consult his, her or its own tax advisor regarding the applicability, effects and implications of the various tax laws with respect to such potential investor.

The shareholders of the Fund(s) may be resident for tax purposes in many different countries and, accordingly, no attempt is made in this document to summarise the tax consequences for every investor who might become a shareholder of the Fund. Prospective investors should therefore consult their professional advisers on the possible tax consequences of subscribing for, acquiring, holding, transferring or redeeming shares of the Fund under the laws of their country of citizenship, residence, domicile or incorporation.

*Absence of Regulatory Oversight of the Fund(s).* Although the Fund is a regulated mutual fund under the Mutual Funds Act, such registration does not involve a detailed examination of the merits of the Fund or substantive supervision of the investment performance or portfolio constitution of the Fund by the Cayman Islands Government or the Monetary Authority. The Fund(s) are not required to, nor does it intend to, register under the laws of any other jurisdiction. As a consequence, the securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly, shareholders may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.

The Fund(s) have not been and do not intend to be registered under the 1940 Act, and therefore, are not required to adhere to certain investment policies under the 1940 Act.

The shares have not been and will not be registered under the 1933 Act, in reliance upon exemptions therefrom available under Section 4(a)(2) of the 1933 Act and/or Regulation D or Regulation S thereunder.

*Business and Regulatory Risks of Investment Funds.* Legal, tax and regulatory changes could occur during the term of the Clients that may adversely affect the Clients and the Firm. The regulatory environment for private funds and fund managers is evolving, and changes in the regulation of private funds, fund managers and their trading activities may adversely affect the ultimate realisation value of investments held by Clients and the ability of the Firm's Clients to pursue their trading strategies. In addition, the futures markets are subject to comprehensive statutes, regulations and margin requirements. Investors should understand that the business of the Firm and its Clients is dynamic and is expected to change over time. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. Therefore, the Fund(s) and the Firm may be subject to new or additional regulatory constraints in the future. The effect of any future regulatory change on the Fund(s) could be substantial and adverse.

There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. Such scrutiny may increase the exposure of the Firm, Clients, and their respective affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight and scrutiny can also impose administrative burdens on the Firm and disrupt its business including, without limitation, responding to investigations and examinations and implementing new policies and procedures. Certain regulatory inquiries or actions, even in the absence of wrongdoing, can lead to adverse impacts on Clients, including serious reputational harm, or affect the Firm's ability to carry out its investment strategy.

*AIFM Directive.* The European Council and the European Parliament have approved the Alternative Investment Fund Managers Directive 2011/61/EU (the "**AIFM Directive**") published by the European Commission on alternative investment fund managers ("**AIFMs**"). The AIFM Directive has been supplemented with further rules and regulations and is required to be transposed into the laws of the European Union (the "**EU**") Member States. The overarching purpose of the AIFM Directive is to (a) regulate AIFMs based in the EU and (b) prohibit AIFMs from either (i) managing any alternative investment fund ("**AIF**") in the EU or (ii) marketing shares in AIFs to investors in the EU unless authorised and, in the case of an AIF domiciled outside of the EU (such as the Fund), unless the domicile of the AIF meets certain conditions. To obtain authorisation and to manage an AIF in the EU, an AIFM (such as the Investment Manager) would need to comply with various obligations in relation to the AIF which may create significant additional compliance costs that may be passed to investors in the relevant AIF.

The Investment Manager<sup>2</sup>, marketing a non-EU AIF (the Funds) to persons within the EU, will be required to, *inter alia*: (i) confirm that the Monetary Authority has entered into a cooperation agreement with the regulator of each EU country into which the Fund is to be marketed; (ii) confirm that the Cayman Islands is not listed as a non-cooperative country for the purposes of the Financial Action Task Force; and (iii) provide certain additional regulatory and/or financial information to investors in the EU and regulators of such EU Member States.

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<sup>2</sup> As noted above, "Investment Manager" in the context of the Fund(s) refers to Gordian Capital Singapore Private Limited, the sponsor of the Fund advised by the Firm.

The Fund(s), as non-EU AIFs managed by a non-EU AIFM (the Investment Manager), may only be marketed to investors in the EU in accordance with applicable national private placement rules. Not all EU Member States have completed the process of transposing the AIFM Directive into national law, and some member States have imposed obligations over and above those required by the AIFMD Directive. In addition, each EU Member State retains the discretion over its national private placement rules and retains the authority to enact new rules that may require an AIF to become registered with a local regulator before securities can be offered in that EU Member State and/or restrict or limit the ability for interests in any non-EU AIF (such as the Fund) from being marketed in such EU Member State. "Reverse solicitation", where an EU investor approaches a non-EU AIFM regarding shares in a non-EU AIF, is outside the scope of the AIFM Directive.

Hence, it is not possible to determine at present the full impact that the AIFM Directive will have on the Fund(s) or the Investment Manager. The Fund(s) or the Investment Manager may be required to implement steps to comply with member state national rules to implement the AIFM Directive where the Fund is to be marketed. Compliance measures may be significant or may require amendments to the structure of the Fund(s) (e.g., redomiciling to another jurisdiction). Regulatory changes impairing the ability of the Investment Manager to manage investments of the Fund(s), or limiting the Fund(s)'s ability to market Shares in the future due to the implementation of the AIFM Directive, may have a material adverse effect on the Fund(s)'s ability to carry out its investment approach and in turn to achieve its investment objective.

*European Savings Directive.* On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the European Union Savings Directive 2003/48/EC (the "**EU Savings Directive**") from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other member states (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, or accounting for withholding taxes on, payments made before those dates and to certain other transitional provisions in the case of Austria). The repeal is to prevent overlap between the obligations under the EU Savings Directive and those under the CRS. The CRS is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes.

*European Market Infrastructure Regulation.* EU Regulation No 648/2012 on over-the-counter derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "**EMIR**") which is now in force, introduces requirements in respect of derivative contracts by requiring certain "eligible" over-the-counter ("**OTC**") derivative contracts to be submitted for clearing to regulated central clearing counterparties (the clearing obligation) and by mandating the reporting of certain details of OTC and exchange-traded ("**ETD**") derivative contracts to registered trade repositories (the reporting obligation). In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivative contracts which are not subject to mandatory clearing (the risk mitigation requirements) including the posting of collateral in respect of uncleared OTC trades. The Fund will be a "Financial Counterparty" for the purposes of EMIR and will be subject to the clearing obligation, the reporting obligation and the risk mitigation requirements. The clearing obligation and the requirement to post collateral in respect of uncleared OTC trades are being phased in over a period of several years and, while it is difficult to predict their long term impact, may well result in an increase in the overall costs of entering into and maintaining OTC and ETD derivative contracts.

*United Kingdom's withdrawal from the European Union.* The U.K. voted on June 23, 2016 to leave the EU. The process of withdrawal from the EU was triggered on March 29, 2017 by the U.K.'s formal notification to the European Council of its intention to withdraw from the EU pursuant to Article 50 of the Treaty on European Union ("TEU") on March 29, 2019. The TEU provides for a period of up to two years for negotiation and coming into force of a withdrawal agreement, at the end of which (whether or not agreement has been reached) the EU treaties cease to apply to the U.K. unless an extension is agreed. During, and possibly after the withdrawal negotiation period, there has been and may continue to be considerable uncertainty as to the U.K.'s post-withdrawal framework, and in particular as to the arrangements which will apply to its relationships with the EU and with other countries. The impact of this unique process is difficult to predict at this stage. The process itself and/or the uncertainty associated with it may, at any stage, adversely affect the return on the Fund(s) and its investments. There may be detrimental implications for the value of the Fund(s) investments and/or its ability to implement its investment programme. This may be due to, among other things:

- increased uncertainty and volatility in U.K., EU and other financial markets;
- fluctuations in asset values;
- fluctuations in exchange rates between sterling, the euro, the US dollar and other currencies;
- increased illiquidity of investments located, listed or traded within the U.K., the EU or elsewhere;
- changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or
- changes in legal and regulatory regimes to which the Fund(s), the Firm, and/or certain of the Fund(s)' assets are or become subject.

Once the arrangements which will apply to the U.K.'s relationships with the EU and other countries have been established, or if the U.K. ceases to be a member of the EU without having agreed such arrangements or before such arrangements become effective, the Fund may need to be restructured, either to enable the Fund(s)' objectives fully to be pursued or to enable the Investment Manager and the Sub-Investment Manager (or any of their respective affiliates or delegates) to fulfil most effectively its functions in relation to the Fund(s). This may increase costs or make it more difficult for the Fund to pursue its investment objective.

*MiFID II regulatory risk.* MiFID II took effect on January 3, 2018 and will affect the structure and operation of financial markets, trading activities and practices, including post-trading processes such as clearing, as well as the sale and promotion of financial products and conflicts of interest, including the receipt and payment of monetary and non-monetary benefits from third parties. Consequently, the operating costs of Clients may significantly increase as a result of the increased scope of and expense associated with regulatory compliance, which may have a material and adverse effect on the investment returns of Clients. It is not possible reliably to predict the full impact of the new regulatory requirements and restrictions on market participants (including the Firm) and/or the effect of the same on the Firm's ability to successfully implement Clients' investment objectives. Further, it is not possible fully to assess or predict any unforeseen or unintended effect of MiFID II on the operation and performance of Clients, which may have a significant impact on their performance.

*Consequences for Investors as a result of AEOI.* Clients may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, AEOI, as further detailed in the section entitled "Taxation and Regulatory Matters - AEOI". Such actions may include, but are not limited to the following:

1. The disclosure by Clients, the Administrator or such other service provider or delegate of Clients, of certain information relating to an investor to the TIA or equivalent authority and any other foreign government body as required by AEOI. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Client(s), and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.
2. Clients may compulsorily redeem any shares held by an investor in accordance with the terms of applicable governing documents and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by Clients or any related costs, debts, expenses, obligations, or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist Clients in meeting its obligations pursuant to AEOI may therefore result in pecuniary loss to such investor.

*Bankruptcy Proceedings Risk.* With regard to the purchase of investments of, and other investments involving, companies in bankruptcy proceedings, the following additional risks exist:

- Many of the events within a bankruptcy proceeding are adversarial and beyond the control of the creditors. Generally, creditors are afforded an opportunity to object to significant actions, but there can be no assurance that a bankruptcy court would not approve actions contrary to the interests of the Clients. There are also instances where creditors lose their ranking and priority as creditors when they obtain management and functional operating control of a debtor.
- Generally, the duration of a bankruptcy proceeding can only be roughly estimated. Therefore, unless an investor is entitled to receive interest on its pre-bankruptcy petition claim, the investor's return on investment can be adversely affected by the passage of time prior to the effective time of the reorganisation of the debtor. It should also be noted that reorganisations outside of bankruptcies are also subject to unpredictable and potentially lengthy delays.
- Bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims for purposes of voting on a plan of reorganisation. The standard for classification is vague; consequently, there exists a significant risk that the investor's influence with respect to a class of securities can be lost due to the number and the amount of claims in the class.
- Administrative costs in connection with a bankruptcy proceeding are frequently high and are paid out of the debtor's estate prior to any return to creditors or equity holders.
- The Firm, on its own behalf or on behalf of others, may seek to take an active role in the financial reorganisation process and/or the management of financially distressed companies, whether by securing representation on boards of directors, creditor committees, equity committees or other groups, obtaining employment by such companies of experts selected by the Firm (other than itself or its affiliates) or otherwise. A member of any such committee or group may owe certain obligations to all investors in the issuer that the committee represents who are similarly situated. If the Firm concludes that its obligations owed to these other investors as a committee or group member conflict with its contractual duties owed to its shareholders or members, as the case may be, under general fiduciary principles, it would resign from that committee or group.

*Soft Wind-down.* If the directors, in consultation with the Firm, decide that the investment strategy is no longer viable they may resolve that a Client, which may or may not include wind-down of services provided to the SMAs, be managed with the objective of realising assets in an orderly manner and

distributing the proceeds to shareholders in such manner as they determine to be in the best interests of a Client, in accordance with the terms of applicable governing documents or investment management agreements, including, without limitation, in the course of the Fund(s) compulsorily redeeming shares, paying any dividend proceeds in specie and/or declaring a suspension while assets are realised and in the course of the SMAs the orderly sale of existing assets. This process is integral to the business of the Fund(s), and may be carried out without recourse to a formal liquidation or any other applicable bankruptcy or insolvency regime, but shall be without prejudice to the right of the holder(s) of management shares to place the Fund(s) into voluntary liquidation.

*Cybersecurity Risk.* With the increased use of technologies such as the internet to conduct business Clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events.

Cyber-attacks include but are not limited to third parties gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (attempts to make network services unavailable to the normal intended users).

Cyber incidents affecting the Firm and other service providers including but not limited to the investment manager, Client accountants, custodians, transfer agents and financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in interference with a Client’s ability to transact or value its securities or other investments, or causing impediments to trading and the ability of shareholders to transact business, violations of applicable privacy and other laws, possibly resulting in financial losses, regulatory fines, penalties, reputational damage, compensation or other reimbursement costs, or additional compliance costs.

Similar adverse consequences could result from cyber incidents affecting issuers of securities in which Clients invest, counterparties with which Clients engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for shareholders), and with other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

While the Firm and Clients’ service providers may have established risk management systems to prevent such cyber incidents and business continuity plans in the event of such cyber incidents occurring, there are inherent limitations in such systems and plans including the possibility that certain risks may have not been identified in advance. Furthermore, Clients cannot control the cyber security plans and systems put in place by its service providers or by any other third parties whose operations may affect Clients. Clients could be negatively impacted as a result.

*COVID-19 and other Infectious Diseases Outbreaks.* From time to time, epidemics, pandemics and other outbreaks of infectious diseases may occur as has been seen in recent decades with the severe acute respiratory syndrome (or SARS), the H1N1 influenza, the Middle East respiratory syndrome (or MERS), the avian influenza and the Ebola virus disease. In December 2019, a novel coronavirus which causes the disease now known as COVID-19 was identified, and by March 2020, the World Health

Organization declared the COVID-19 outbreak a pandemic with a large number of COVID-19 cases recorded globally.

Although it is not possible to fully predict the consequences of COVID-19 or other comparable outbreaks, the COVID-19 pandemic has and will likely continue to have a material impact on the global economy including by affecting investment sentiment, causing volatility in global markets, disrupting manufacturing supply chains and exacerbating solvency concerns. Such effects will be unevenly distributed across sectors, businesses, and national economies, depending upon, amongst other things, the global distribution of detected cases of COVID-19. Continued deterioration of financial markets may negatively impact liquidity resulting in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Further slow-downs in business activity may negatively impact liquidity.

Such negative changes in the global financial markets, or the national or regional economies in which any of the investments do business, may therefore in turn have a material adverse effect on the business of the Firm, Clients, or the business of any of the Clients' investments.

In addition, regional and national authorities have imposed measures and may impose further measures that could cause significant interruption to the business operations of the Clients or any of their investments, including travel restrictions and business closures.

The full scope, duration, intensity and consequences of the COVID-19 outbreak are uncertain (including as a result of new information which may emerge concerning the severity of COVID-19 and containment efforts) and any resultant economic slowdown and/or negative business sentiment across markets may have a negative and long-lasting impact on the business operations and financial condition of the Firm, Clients, and the investments of the Clients themselves. Similar consequences could arise with respect to other comparable infectious diseases.

#### **Item 9 - Disciplinary Information**

There are no legal or disciplinary events to report.

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

- A. Neither GSB nor any of our management persons are registered or applying to register as broker-dealers or representatives of any broker-dealer.
- B. GSB's sole managing member and employee, Geoffrey Bennett is registered or applying to register as futures commissions merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities. To the extent a client trades or is deemed to trade in commodity interests, GSB will maintain certain exemptions from registration with the U.S. Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser, as applicable, with respect to such clients.
- C. GSB does not have any arrangements with a related person who is a broker-dealer, securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, investment adviser, financial planning firm, banking or thrift institution, accountant or accounting



firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services.

Principals of GSB may hold significant investments in the Funds from time to time.

- D. GSB does not have any formal arrangements or agreements to recommend or select other investment advisers for its clients. GSB acts as a sub-adviser to the Fund that is sponsored by Gordian Capital Singapore Pte Ltd, which incentivizes the Firm to encourage or recommend investors to utilize the services of Gordian Capital Singapore Pte Ltd in relation to the Fund.

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

- A. We have adopted a Code of Ethics (the “Code of Ethics”) that reflects our commitment to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our Clients, and that our Firm must conduct all business in a manner that enables the Firm to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty, and trust. In addition, among other things, our Code of Ethics governs personal investment transactions, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our Firm. Geoffrey Bennett as the Firm’s sole managing member and employee by policy shall not undertake personal securities transactions in Covered Securities, as defined by the SEC, in any names that conflict with the securities traded on behalf of Client accounts. GSB will make a copy of our Code of Ethics available to any client or prospective client upon request. Further neither GSB nor any of the Firm’s related persons recommend to Clients, or buys or sells for Clients, securities in which we or any related persons have a material financial interest.
- C. Geoffrey Bennett is the sole managing member, employee and CCO. He does not personally invest in the same securities recommend to Client accounts. GSB’s Code places restrictions on personal trading practices, including required disclosure of personal securities holdings and transactions and adherence to the Firm’s restrictions on personal trading. Geoffrey refrains from, transactions in securities recommended to Client accounts alleviates, which actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.
- D. Neither we nor our related persons buy or sell securities for Client accounts at or about the same time that we or our related persons buy or sell the same securities for our own accounts.

#### **Item 12 - Brokerage Practices**

- A. Subject to GSB’s internal policies and procedures and the terms of each Client’s governing documents, we do not generally have authority to determine the brokers or dealers used and commissions or markups and/or markdowns utilized for SMA client accounts. The Firm does have the authority to select brokers utilized for the benefit of the Fund.

GSB seeks to obtain the best execution for each Client account taking into account the following factors: best execution (price) or commission rates typically based on a Value Weighted Average Price ("VWAP") analysis, execution capabilities including the quality of execution, the reputation, experience and financial stability of the broker-dealer involved; familiarity with the securities markets and investment techniques employed by GSB in diverse geographical regions; the availability of financing arrangements; or other special execution capabilities or services provided for client accounts. Allocations to brokers and the commissions paid may not necessarily represent the lowest commission rates available, but rather will reflect GSB's evaluation of the research and other brokerage related services supplied by such brokers among other factors. GSB typically utilizes a systematic brokerage allocation methodology that heavily weights VWAP analysis in brokerage selection and evaluation.

GSB is committed to evaluating the execution, among other criteria, that GSB receives from broker-dealers. On a periodic basis GSB shall evaluate broker-dealer execution services being provided. Where necessary the Firm will document formal meetings administered to consider the factors mentioned above.

GSB does not utilize soft dollars and does not plan to utilize soft dollars. GSB does not use Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, which the Firm believes drastically reduces the Firm's incentive to select or recommend a broker-dealer based on the Firm's interest in receiving research or other products or services. The Firm does not anticipate receiving referrals from brokerage providers.

Certain SMA clients are only permitted to trade through select brokers. For these relationships GSB does not have any discretion over brokerage selection. As a result, GSB's SMA clients may pay a higher commission cost because the Firm may not be able to aggregate orders to reduce transaction costs, or the SMAs might receive less favorable prices.

- B. The Firm does not aggregate the purchase or sale of securities for various Client accounts at this time due to the fact that the Firm does not select brokerage allocation for SMA clients. Thus, it is the Firm's policy not to aggregate client transactions where investment mandates restrict such practices.

#### **Item 13 - Review of Accounts**

- A. Subject to each Client's governing documents, the Firm has access to Client trades and performs periodic reviews of each Client's portfolio as part of the Firm's general management of their respective portfolios. Such reviews may include, without limitation, trade reconciliation, asset allocation, and profit and loss.
- B. Other-than-periodic reviews are typically triggered by unusual activity or special circumstances.
- C. Gordian Capital Singapore, the Fund's sponsor sends monthly investor statements to all investors within the Fund containing account balance and return details.

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

- A. We do not receive economic benefits from non-Clients for providing investment advice or other advisory services.

B. Neither we nor any of our related persons compensate any third parties for Client referrals.

#### **Item 15 - Custody**

The Firm is not deemed to have “custody,” as defined in Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), of the Funds’ assets. As a general matter, the Funds’ assets are all maintained by the Fund’s sponsor with qualified custodians or otherwise as permitted by the Custody Rule. With regard to SMAs, we generally do not have custody, however, we may or may not have custody depending on the terms of the applicable governing documents, which are separately negotiated and may vary among SMAs.

#### **Item 16 - Investment Discretion**

We provide discretionary trading authority to our Clients in accordance with each Client’s investment objectives and guidelines set forth in the applicable governing documents. In general, neither any Client nor any of its Investors may impose any limitations on such trading authority beyond those described in the relevant governing documents.

#### **Item 17 - Voting Client Securities**

A. The Firm has adopted a proxy voting policy which it believes is reasonably designed to ensure that proxies are voted in the best interest of its Clients and in accordance with its fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Firm will generally seek to vote proxies in a way that attempts to maximize the value of Clients’ assets, subject to any Firm specific proxy voting instructions and restrictions mandated by the Firm’s Clients. Geoffrey Bennett coordinates the Firm’s proxy voting process and ensures that the Firm complies with all proxy voting rules and related recordkeeping requirements.

The Firm will vote, or where appropriate abstain from voting, securities in a manner that is consistent with the best interests of the Firm’s Investors.

Investors may obtain a copy of the Firm’s proxy voting log and policies and procedures upon request by emailing Geoffrey Bennet at [gbennett@gsb-capital.com](mailto:gbennett@gsb-capital.com). The Firm actively avoids material conflicts of interest. Potential or actual conflicts of interest will be resolved in the best interest of the Client or, where conflicts of interest cannot be resolved, not be voted. Additionally, any further information requested by the Investor, or the Client related to the vote or the Firm’s conflict of interest will be provided directly to the Investor or the Client.

B. N/A.

#### **Item 18 - Financial Information**

GSB is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds and has not been the subject of a bankruptcy petition at any time during the past ten years.