

IKOS CIF Limited

Form ADV Part 2A - *Brochure*

Date: March 29, 2019

IKOS CIF Limited
363
28th October Avenue,
1st Floor, Metis Tower,
3107 Limassol,
Cyprus
(T) +357-2581-4714
(F) +357-2581-4744
(E) cifregistration@ikos.com.cy
Web Address: www.ikos.com.cy
IARD/CRD Number: 138839

This brochure provides information about the qualifications and business practices of IKOS CIF Limited. If you have any questions about the contents of this brochure, please contact us at: +357-2581-4714 or cifregistration@ikos.com.cy. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about IKOS CIF Limited also is available on the SEC's website at: www.adviserinfo.sec.gov.

IKOS CIF Limited ("IKOS CIF"/"Company"/"Sub-Investment Manager") is a SEC registered investment adviser. SEC registration does not imply a certain level of skill or training.

Recipients of this Form ADV Part II should be aware that it is designed merely to provide information about IKOS CIF and should not be considered to be an offer of interests in any Fund. The Fund is a private investment vehicle qualifying for an exemption from the definition of "investment company" under the U.S. Investment Company Act of 1940, as amended, and will generally be offered pursuant to Regulation D under the Securities Act of 1933, as amended.

Item 2 Material Changes

No material changes were made to IKOS CIF's brochure since its last annual update on March 30, 2018.

Item 3 Table of Contents

TABLE OF CONTENTS

<u>Item Number</u>	<u>Page</u>
Item 1	Cover Page 1
Item 2	Material Changes..... 2
Item 3	Table of Contents 3
Item 4	Advisory Business 5
Item 5	Fees and Compensation 6
Item 6	Performance-Based Fees and Side-by-Side Management 8
Item 7	Types of <i>Clients</i> 8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss..... 9
Item 9	Disciplinary Information..... 12
Item 10	Other Financial Industry Activities and Affiliations 12
Item 11	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading 12
Item 12	Brokerage Practices 14
Item 13	Review of Accounts 17
Item 14	<i>Client</i> Referrals and Other Compensation..... 18

Item 15	Custody	19
Item 16	Investment Discretion.....	19
Item 17	Voting <i>Client</i> Securities.....	20
Item 18	Financial Information	20

NOTE:

Terms in *italics* have the meanings set forth in the General Instructions for Form ADV.

Item 4 Advisory Business

IKOS CIF was incorporated on December 29, 1995 under the laws of Cyprus and has been in business since that time. IKOS CIF is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) since November 1, 2005 and is registered as an Investment Adviser with the US Securities and Exchange Commission (“SEC”) since January 31, 2006. On May 24, 2006 it also became a member of the National Futures Association (“NFA”) and registered as a Commodity Pool Operator (“CPO”) and a Commodity Trading Adviser (“CTA”) with the Commodity Futures Trading Commission (“CFTC”). IKOS CIF is a fully compliant member of the Standards Board for Alternative Investments (“SBAI”), (previously known as the Hedge Fund Standards Board (“HFSB”)) since December 2009.

IKOS CIF acts as Sub-Investment Manager pursuant to a sub-delegation agreement with each of IKOS Asset Management Limited (“IKOS AM”) and Navarxis Asset Management Limited (“Navarxis AM”), collectively referred to as the “Clients”, both of the Clients being Cayman Islands exempted private limited companies. IKOS AM acts as the investment manager of IKOS (the “IKOS Fund”). Navarxis AM acts as the investment manager of Nereas Fund SPC (“Nereas Fund”). The IKOS Fund and the Nereas Fund are collectively referred to as the “Funds”.

The IKOS Fund is an open-ended multi-class investment company structured to operate in a similar manner to an open-ended unit trust or mutual fund and is an exempted company formed under the laws of the Cayman Islands. The investment objective of the IKOS Fund is to achieve long-term capital growth with moderate risk by generating absolute returns independent of market direction. For each class issued by the IKOS Fund, IKOS CIF seeks to carry out its objective by following the policy and restrictions and investing as set out in the prospectus supplement applicable to that class. Each IKOS Fund class seeks to achieve its investment objective by investing its assets in investment companies managed by IKOS AM as set forth in the prospectus supplement applicable to each class.

The Nereas Fund is structured as a segregated portfolio company with segregated liability between sub funds or segregated portfolios; each segregated portfolio is a separate individually managed pool of assets constituting a separate fund with its own investment objective and strategy. The investment objective of the Nereas Fund is to achieve long-term capital growth with moderate risk by generating absolute returns independent of market direction. For each sub fund or segregated portfolio issued by the Nereas Fund, Navarxis AM seeks to carry out its objective by following the policy and restrictions and investing as set out in the prospectus supplement applicable to that sub fund or segregated portfolio. Each sub fund or segregated portfolio seeks to achieve its investment objective by investing its assets in investment companies managed by Navarxis AM as set forth in the prospectus supplement applicable to each sub fund or segregated portfolio.

IKOS CIF's investment advisory services pursuant to each of its sub-delegation agreements with the Clients include adhering to the investment objectives of the Funds and each class or sub fund or segregated portfolio therein, as well as determining appropriate asset allocation across the Funds' investment strategies, placing trade orders, and monitoring existing and prospective investments in light of each class' objectives and risk parameters.

The investments of the Funds are managed in accordance with the prospectus supplement applicable to each class or sub fund or segregated portfolio and are not tailored to any particular investor in the Funds. IKOS CIF does not provide investment advice to the Funds' investors; therefore, prospective investors of the Funds should consider whether a particular Fund meets their investment objectives and risk tolerance.

IKOS CIF and IKOS AM also enter into trading advisory agreements with third party platform advisors and/or managed accounts following certain investment strategies of the IKOS Fund. The investment advisory and discretionary investment management services offered to managed account *clients* relate solely to futures and currency activities, as opposed to any securities transactions.

The direct owner of IKOS CIF is Felix Holdings Ltd, a limited liability company incorporated on December 25, 1995 under the laws of the Republic of Cyprus.

IKOS CIF provides advisory services on a sub-delegated basis to the Funds in accordance with the Funds' investment objectives, strategies and guidelines as set forth in each applicable prospectus and each applicable supplement.

IKOS CIF does not tailor the investment decisions of the Funds to individual *clients* and *clients* generally will not be able to impose restrictions on the Funds' investments in certain securities or types of securities.

Client assets under management in securities portfolios on a *discretionary* basis as of December 31, 2018 were \$38,946,830. There are no *client* assets under management in securities portfolios on a non-*discretionary* basis.

Item 5 Fees and Compensation

IKOS CIF is compensated by the Clients for the services provided pursuant to the sub-delegation agreements between IKOS CIF and each of the Clients. Specifically, IKOS CIF receives a fee per investment strategy in relation to which IKOS CIF provides services to the Clients, charged quarterly in arrears. The fees between the Clients and IKOS CIF may be negotiated from time to

time. The fees paid to IKOS CIF are borne exclusively by the Clients, and are not recharged to the Funds.

Fees charged to the Funds by the Clients include the following:

- **Management Fees:** Each of the Clients is entitled to receive monthly management fees from the Fund it manages. Such management fees are a fixed percentage of the value of the Fund assets under management and are charged monthly in arrears. In relation to the IKOS Fund, management fees are 2% of the net asset value of each respective share class. In relation to the Nereas Fund, management fees are 2% of the net asset value of each respective sub fund or segregated portfolio.
- **Performance Fees:** Each of the Clients is also entitled to receive a quarterly performance-related fee, based on each of their respective Fund's net capital appreciation, after management fees and other expenses. In relation to the IKOS Fund, performance fees are 20% of the increase in net asset value of each respective share class subject to a high water mark. In relation to the Nereas Fund, performance fees are 20% of the increase in net asset value of each respective sub fund or segregated portfolio subject to a high water mark.
- **Investment Manager Administration Fee (only applicable for the IKOS Fund):** Each share class of the IKOS Fund seeks to achieve its investment objective by investing assets in investment companies managed by IKOS AM. Each such investment company pays IKOS AM 0.3% per annum of its net asset value. In return for this fee, IKOS AM is responsible for certain of the IKOS Fund's and each investment company's other administrative and operational expenses (such as expenses for legal and consulting services, regulatory compliance, registration fees and expenses due to supervisory authorities, insurance, and other costs of a similar nature).

Each Fund share class or sub fund or segregated portfolio and/or each investment company will also incur brokerage and other transaction costs (please refer to Item 12), fees paid to the Funds' administrator, custodian fees, auditor fees, and director fees. The fees applicable to each Fund share class or sub fund or segregated portfolio and each investment company are set out in detail in each of the Funds' main prospectus and each share class' or sub fund's or segregated portfolio's respective offering documents.

IKOS CIF and its *supervised persons* do not accept compensation for the sale of securities or other investment products.

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

The only fees paid to IKOS CIF are from the Clients, as described in Item 5 above. IKOS CIF and its *supervised persons* do not accept *performance-based fees*.

The quarterly performance-related fees charged to the Funds by each of the Clients and described in Item 5 above are *performance-based fees*.

Item 7 Types of *Clients*

As noted above, pursuant to a sub-delegation agreement between IKOS CIF and the Clients, IKOS CIF acts as Sub-Investment Manager on behalf of the Funds managed by the Clients.

The Funds are offered only by their main prospectus and each share class' or sub fund's or segregated portfolio's respective offering documents to investors who meet the relevant investor eligibility requirements. Please see the Funds' main prospectus and each share class' or sub-fund's or segregated portfolio's respective offering documents for more information on the investor eligibility requirements for the Funds.

Additionally, the Funds are subject to a minimum investment amount. This minimum investment amount may be raised or lowered from time to time. Please see the respective Fund's main prospectus and each share class' or sub fund's or segregated portfolio's respective offering documents for more information on the investor eligibility requirements for each of the Funds.

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

In its capacity as Sub-Investment Manager on behalf of the IKOS Fund managed by IKOS AM, IKOS CIF currently manages a suite of equity market neutral (statistical arbitrage) share classes currently concentrating on European and North American equities, as well as futures and currency share classes employing systematic investment in currencies, interest rates, commodities, bonds and equity indices. The trading philosophy of IKOS AM, adopted by IKOS CIF, is to use global electronic markets to construct liquid portfolios of actively traded securities and futures. This trading philosophy is based on information processing, statistical analysis and quantitative forecasting models which rely on multiple data sources. Consistent performance in all IKOS strategies is targeted through diversification of sources of return. Forecasts are based on a combination of short-term time series analyses and robust econometric models using a number of fundamental and technical indicators. The models aim to forecast changes in the underlying economies of each region. These forecasts are executed systematically, and the Company aims to use comprehensive, best-of-breed risk control methods. The IKOS expertise in fully automated systematic methods is employed in all asset classes with similar investment processes being applied to each.

In summary, with respect to the IKOS Fund, there are three core strategies/share classes:

IKOS FX Strategy: The IKOS FX Strategy aims to generate absolute returns in the currency markets, through systematic trading of a diverse set of models applied to major liquid global currencies, whilst maintaining low correlation with commodity trading advisors. The Strategy uses a systematic macro, fundamental and technical approach, and includes currency futures, forwards and/or spot FX in approximately 25 currencies (although it is possible that the portfolio will hold positions in only some of these currencies at any point in time). The IKOS FX Strategy utilises many sub-models within several model categories to generate alpha. There are numerous alpha generating models that are designed to exploit the main drivers of currency movement: short and long-term interest rates, and some stock indices and commodities and interest rate differentials between countries. Consistent performance is sought through diversifying the sources of return, and the use of multiple models that are designed to exploit different kinds of pricing anomalies and seek to ensure diversification. Typically, econometric models are combined with time-series analysis and market micro-structure models within an integrated risk management and execution platform. This approach is applied over a variety of timeframes, and the program seeks returns from short-term liquidity provision, medium-term technical factors, and longer-term fundamental effects, in an attempt to capture as many different types of

opportunity as possible in order to make the strategy more robust and adaptive to changing market conditions.

IKOS Futures Strategy: The IKOS Futures Strategy trades highly liquid listed futures (predominantly G7, Switzerland, Australia, New Zealand, Sweden and Norway). The IKOS Futures Strategy includes financial futures (short-term interest rates, bonds) equity indices futures, commodities futures (energy and oil, metals, agricultural, etc.) and currencies (both FX futures and/or spot FX). Approximately 45 futures are traded in all, and typically the portfolio will hold positions in most of them most of the time. There is no overall bias in long/short position in any sector, and net exposure is capped in each market and sector. The IKOS Futures Strategy may also invest its assets in securities, including liquid listed equities.

The IKOS Hedge Strategy: The IKOS Hedge Strategy combines the IKOS Futures Strategy (explained above) with the IKOS Equity Strategy; the latter trades a broad range of liquid listed equities as well as equity derivatives to create a dollar neutral (and neutral to other risk factors) portfolio. Geographical exposure in equities is currently in North America, the United Kingdom and Western Europe. Different types of mathematical methods, including but not limited to regression analysis and dynamic system analysis, are employed to exploit market anomalies and phenomena across different time horizons; ranging from intraday to a few months.

In its capacity as Sub-Investment Manager on behalf of the Nereas Fund managed by Navarxis AM, IKOS CIF currently manages a segregated portfolio investing in investment companies, the activities of which include, inter alia, investing in futures (employing systematic investment in currencies, interest rates, commodities, bonds and equity indices) and in a range of other absolute return investment vehicles, collective investment schemes or individual hedge funds managed by other investment managers.

A complete description of the Funds' investment strategies is set out in detail in each of the Funds' main prospectus and each share class' or sub fund's or segregated portfolio's respective offering documents.

Investing in securities involves risks of loss that IKOS CIF's *client(s)* (and investors in the Funds) should be prepared to bear.

Investment in the Funds, for which IKOS CIF acts as Sub-Investment Manager, carries a high degree of risk including, but not limited to, the risks summarised below. No assurance can be given that Fund shareholders/investors will realise a profit on their investment. Moreover, shareholders/investors must acknowledge the risks associated with such an investment including a substantial or complete loss of their investment. The risks referred to below are not exhaustive. Potential investors should review the Funds' main prospectus and each share class' or sub fund's

or segregated portfolio's respective offering documents carefully and in their entirety and consult with their professional advisors before making an application for shares.

In particular, given the nature of the Funds' investments and the frequency of trading, material risks include, but are not limited to, the following:

Investment and Trading Risks in General: All securities investments present a risk of loss of capital, and the investment techniques utilised (including but not limited to margin transactions and short sales) can, in certain circumstances, maximise any losses.

Lack of Segregation: Money, investments and other assets classified by a prime broker as collateral may not be segregated by the prime broker from its own investments and may be available as a result to the creditors of the prime broker in the event of its insolvency.

Rehypothecation and Transfer of Ownership of Assets: A prime broker may borrow, lend or otherwise use the Funds' money, investments and other assets for its own purposes and may take such investments as collateral. Such assets will cease to be the property of the Funds and, in the event of an insolvency of the prime broker may be available to creditors of the prime broker. As a result, the Funds may not be able to recover such assets in full.

Business, Legal, Tax and Other Regulatory Risks: Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the Funds, the Investment Manager (each of the Clients), the Sub-Investment Manager and/or the investment strategies used by them.

Cyber-Security Risk: As the use of technology has become more prevalent in the course of business, accounts have become potentially more susceptible to operational and information security risks resulting from breaches in cyber security. Cyber security failures or breaches may result in financial losses to an account. These failures or breaches may also result in disruptions to business operations, potentially resulting in financial losses; impediments to trading; violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage; reimbursement or other compensation costs; additional compliance and cyber security risk management costs and other adverse consequences. IKOS CIF has established a business continuity plan and risk management systems designed to reduce the risks associated with cyber security breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because IKOS CIF does not directly control the cyber security systems of issuers, trading counterparties, or third party service providers. There is also a risk that cyber security breaches may not be detected.

Currency Fluctuations: Shares of the Funds will be issued and repurchased in dollars. Each Fund share class' or sub fund's or segregated portfolio's assets may be invested in securities and other investments that are denominated in other currencies. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations.

Portfolio Turnover: Turnover of underlying investments may be higher than the average for other more traditional portfolios and accordingly the level of commissions paid and other transaction costs may be higher than average. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of IKOS CIF's advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

IKOS CIF is registered as a CTA and a CPO with the CFTC and is a member of the NFA. A number of IKOS CIF's *management persons* are registered with NFA as Principals and/or Associated Persons of IKOS CIF.

As disclosed in Item 4, IKOS CIF acts as Sub-Investment Manager on behalf of the Funds, pursuant to a sub-delegation agreement with each of the Clients. IKOS AM is a related person of IKOS CIF.

In particular, one *management person* of IKOS CIF (namely, Ms. Elena Ambrosiadou, a member of the Investment Committee of IKOS CIF), is also a director of both IKOS AM and the IKOS Fund. Ms. Elena Ambrosiadou is not materially interested in any contract or arrangement which is unusual in its nature or condition or which is significant in relation to the business of the Fund, an investment company related to the IKOS Fund, IKOS AM or IKOS CIF.

A discussion of IKOS CIF's Code of Ethics and practices relating to addressing potential or actual conflicts of interest are discussed in Item 11.

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

IKOS CIF has a Code of Ethics (“Code”), which was adopted in accordance with Investment Advisers Act Rule 204A-1 to set forth the standards of business conduct required of any (i) director, officer, member or partner of IKOS CIF (“Advisory Persons”) and/or (ii) *supervised persons* who may be involved in investment advisory activities and/or have access to non-public information (“Access Persons”).

In addition to the general policies set forth by the Code with respect to the ethical obligations of IKOS CIF and its Access Persons, the Code contains: specific personal securities transaction policies designed to ensure that IKOS CIF’s personal and proprietary investing activities do not interfere with the best interests of its client(s); a policy statement on insider trading and related procedures designed to prevent the misuse of material, non-public information; and “Chinese Wall” procedures designed to ensure that decisions made by IKOS CIF are reasonably insulated from material non-public information or conflicts of interest.

Furthermore, the Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of IKOS CIF’s *client(s)* first; all personal securities transactions must be conducted in a manner consistent with the Code and any conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; and information concerning the identity of securities and financial circumstances of IKOS CIF’s *client(s)* and/or the Funds, including the Funds’ investors, must be kept confidential.

Privacy Policy, Confidentiality and Intellectual (IP) protection: IKOS CIF and IKOS CIF Advisory, Supervisory, Access Persons and employees and /or associates are strongly committed to protecting the privacy of IKOS CIF’s *client(s)* and/or the Funds, including the Funds’ investors non-public personal information and will not as a matter of policy disclose such information except as required or permitted by law or by request of regulatory agencies. Such information to a third party is provided only where *client(s)* or investor(s) have given their consent to do so, at the request of a regulator or where there is such a request to disclose the information by law or regulation. IKOS CIF has adopted privacy policies and procedures that are designed to prevent the unauthorized disclosure and use of *client(s)* and/or investor(s) non-public personal information and intellectual property. On the basis of this Policy IKOS CIF issues a Privacy Notice to its customers and if required, this can be obtained from IKOS CIF’s Chief Compliance Officer at ComplianceGroup@ikos.com.cy.

The Code also requires all Access Persons to comply with ethical constraints relating to *clients* and their accounts, including restrictions on giving gifts to, and receiving gifts from, *clients* in violation of IKOS CIF’s gift policy.

A copy of IKOS CIF's Code of Ethics is available to any *client* or prospective *client* upon request.

Although IKOS CIF does not trade for its own account, from time to time employees and principals of the Company or any *related person(s)* may have interests in securities owned by the Funds or may engage in personal securities transactions. To address this conflict of interest, IKOS CIF has adopted procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest. These are set forth in the Company's Code, which was adopted, amongst other things, to govern personal transactions by *supervised persons* and to ensure that the interests of Access Persons do not conflict with the interests of IKOS CIF's client(s) and/or the Funds. The Code covers personal investment transactions of all employees and their immediate family members, which includes most persons sharing the same household as the employee.

In particular, although IKOS CIF and its personnel are not obligated to refrain from investing in securities held by accounts that they manage, IKOS CIF's officers and employees are generally discouraged from entering into such transactions. Furthermore, IKOS CIF and its related persons are required at all times to have due regard to their duties owed to the Company's *client(s)* and the Funds, and where a conflict arises, they will endeavour to ensure that it is resolved fairly. IKOS CIF also explicitly forbids any employee from trading based on material nonpublic information or communicating material non-public information to others.

All *supervised persons* are required to notify the Chief Compliance Officer ("CCO") or the CCO's designee in order to pre-clear any personal securities transactions. Furthermore, all *supervised persons* must provide quarterly reports of their personal transactions and holdings within 30 days of the end of each calendar quarter, which may consist of monthly brokerage statements for all accounts in which they have a beneficial interest.

Item 12 Brokerage Practices

As Sub-Investment Manager, IKOS CIF reviews, evaluates and recommends broker-dealers to the Clients and the Funds. Once a broker-dealer is appointed by a Fund (and its related share classes or sub funds or segregated portfolios and/or investment companies), IKOS CIF is authorized to direct the sale or purchase of securities to the selected Fund broker-dealers in accordance with the Fund's specified investment objectives without client or Fund consultation/consent before each transaction is effected.

IKOS CIF has a fiduciary obligation to seek to obtain "best execution" of clients' transactions under the circumstances of the particular transaction.

On a regular basis, IKOS CIF reviews existing relationships with broker-dealers (including those that may act as “prime broker” for IKOS CIF’s *client(s)* and the Funds) and also evaluates opportunities to establish new broker-dealer relationships for each of the Funds. IKOS CIF’s objective in selecting broker-dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to portfolio transactions.

As a matter of fiduciary duty, IKOS CIF must ensure that, when aggregating and allocating securities transactions, participating clients are treated in a fair and equitable manner.

The Funds, for which IKOS CIF acts as Sub-Investment Manager, are structured, in the case of the IKOS Fund, as a master-feeder fund, and, in the case of the Nereas Fund, as a segregated portfolio company. Each of the Funds’ share classes or sub funds or segregated portfolios invest in related investment companies (master portfolios), each one following a specific investment strategy. The Funds’ structure ensures that gains/losses for each investment strategy are pooled in the respective master portfolio, and then allocated to each of the Funds’ share classes or sub funds or segregated portfolios in proportion to their percentage holding in each master portfolio.

As disclosed under Item 4, IKOS CIF further provides investment advisory and discretionary investment management services to IKOS AM’s managed account clients, which relate solely to futures and currency activities, as opposed to any securities transactions. Therefore, IKOS CIF has a Trade Aggregation and Allocation Policy with respect to the IKOS Fund’s and managed accounts clients’ futures-related activities.

In this context, when the purchase or sale of a security or instrument (such as a futures contract) is deemed to be in the best interest of more than one account, IKOS CIF can aggregate or “bunched” orders for the purchase or sale of securities/instruments for all such accounts to the extent consistent with best execution and the guidelines of the relevant investment advisory agreements. Such “bunched trades / orders may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges.

Aggregated transaction prices and costs are generally averaged and allocated among participating accounts *pro rata* according to the size of each participating account. In the event that a bunched or aggregated trade order is not completely filled within a single day, each day’s partial fill must generally be allocated among the participating accounts *pro rata* based on the size of each participating account, subject to rounding in order to achieve “round lots”. IKOS CIF applies a minimum order allocation amount of a single “round lot”. Remaining positions, if any, may be assigned to those accounts seeking large positions which were unfilled or to those accounts whose orders would be complete as a result of the allocation. Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security or instrument may be aggregated with any remaining

unexecuted orders and continue in the same manner. While IKOS CIF will always try to allocate *pro rata* in the first instance, IKOS CIF may use other methods of allocation, provided that such methods are fair and equitable. For example, while it currently does not intend to trade such securities, IKOS CIF may use a random allocation method for limited availability or thinly traded securities/instruments.

Commission rates

IKOS CIF endeavours to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its *client(s)* and the Funds. However, IKOS CIF will not select broker-dealers solely on the basis of “posted” commission rates. Although IKOS CIF generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker’s ability to provide competitive commission rates, electronic trading facilities and comprehensive service levels which will help IKOS CIF in providing its services as Sub-Investment Manager to the Funds.

Other factors and selection criteria

The best net price (taking into consideration transaction, market impact and opportunity costs), giving effect to brokerage commissions, spreads and other costs, is normally an important factor in the selection decision, but a number of other judgmental factors are considered as they are deemed relevant.

These factors include, but are not limited to, IKOS CIF’s knowledge of negotiated commission rates and spreads currently available in the market, the nature of the securities being traded, the size and type of the transactions, and the nature and character of the markets for the securities to be purchased or sold.

In selecting and reviewing broker-dealers, IKOS CIF also considers broker-dealers’ reputation, financial strength and responsibility, responsiveness, as well as the value of any research that may be provided. IKOS CIF seeks to evaluate the full range and quality of broker-dealers’ services including, among other things, their ability to:

- handle a high volume of transactions without undue market impact;
- complete trades;
- maximize the opportunity for price improvement;

- execute trades quickly;
- maintain anonymity and confidentiality;
- search for and obtain liquidity to minimize market impact;
- exert the necessary effort to satisfy trading needs in a diligent and consistent manner;
- act with integrity;
- account for its trade errors and correct them in a timely and satisfactory manner;
- accommodate unusual market conditions, when required; and
- engage in after-hours and cross-border trading, as required.

Soft-dollars

IKOS CIF does not receive any “soft dollar benefits.”

However, IKOS CIF is not prohibited from directing brokerage transactions for client accounts (including the Funds) to broker-dealers who provide the company with both research and brokerage products and services. IKOS CIF has therefore developed procedures to ensure that if any “soft dollar benefits” are obtained in the future, these benefits will fall within the applicable safe harbour provisions and be appropriately disclosed.

IKOS CIF will not seek to enter into any agreement or understanding with any broker-dealer which would obligate IKOS CIF to direct a specific amount of brokerage transactions or commissions in return for such services.

Brokerage for *client* referrals

IKOS CIF does not consider, in selecting or recommending broker-dealers, whether it, or a related person, receives *client* referrals from any broker-dealer or third party. In the event that IKOS CIF were to consider such practices in the future, it would still aim to ensure that it fully complies with its fiduciary obligation to seek to obtain “best execution” (taking into account price and other judgemental and qualitative factors, as analysed earlier).

Directed brokerage

Investors in the Funds are not entitled or provided with the option to direct brokerage.

Item 13 Review of Accounts

The Funds’ administrator is responsible for valuing the Funds’ share classes (or sub funds and segregated portfolios) and related investment companies, and for preparing the official NAV

calculations. However, IKOS CIF internal estimates are used to compare results to the administrator's results as an additional control measure.

Although the administrator independently prices all positions, IKOS CIF also reconciles and independently prices all securities and futures positions. Every day, a three-way reconciliation process takes place between the brokers, the administrator, and IKOS CIF to ensure the accuracy of trade executions and positions in the portfolio. This is a highly automated process, with minimal breaks produced which then get resolved with the administrator and prime brokers daily by IKOS CIF. IKOS CIF also actively monitors non-trade cash movements to ensure they accurately reflect payment instructions or margin changes, and to verify the cash balances within the various cash and prime broker accounts.

Clients and Fund investors are provided with written annual audited financial statements and monthly NAV statements.

Clients and Fund investors may also be provided with newsletters and risk reports.

Item 14 *Client Referrals and Other Compensation*

IKOS CIF receives no economic benefit from anyone who is not a *client* for providing investment advice or other advisory services to IKOS CIF's *clients*.

IKOS CIF and/or each of the Clients, from time to time, may enter into written arrangements, on a non-exclusive and non-agent basis, to compensate *persons* for *client referrals*. Typically, a solicitor is paid a percentage (not exceeding 20%) of the fees payable to the Clients in relation to each Fund investor introduced by the solicitor.

With respect to IKOS CIF, such arrangements (if any) are made in conformance with SEC rule 206(4)-3. The arrangements require among other things, that the solicitor comply with the requirements of rule 206(4)-3 and other applicable law, as well as the terms of the solicitation agreement. The solicitor must at the time of the solicitation provide the *client* with a copy of this *brochure* and a separate document which discloses: (i) a description of the solicitation agreement; (ii) any affiliation between the solicitor and IKOS CIF; (iii) the compensation paid for the solicitation; and (iv) whether the advisory fee for solicited *clients* is higher than those for other *clients* due to compensation paid to the solicitor.

Item 15 *Custody*

IKOS CIF does not have custody of *client* funds or securities.

The Funds, for which IKOS CIF acts as Sub-Investment Manager, have custodial agreements with independent, regulated third-party custodians. The custodians provide regular reporting to the Funds' administrator, which includes an analysis of the assets held by the custodians on behalf of the Funds.

Investors of each Fund receive monthly statements from the Funds' independent administrator which include the NAV per share of the relevant share class in which they are invested, the total value of their holding, and any transactions (such as share subscriptions/redemptions) they have carried out in the month.

Item 16 *Investment Discretion*

As detailed under Item 4, IKOS CIF acts as Sub-Investment Manager on behalf of the IKOS Fund and the Nereas Fund, pursuant to a sub-delegation agreement with IKOS AM and Navarxis AM respectively. Pursuant to these agreements, IKOS AM and Navarxis AM have delegated discretionary investment advice with respect to the IKOS Fund and the Nereas Fund respectively, to IKOS CIF.

IKOS CIF is therefore authorized to make the following recommendations and/or determinations in accordance with the Funds' specified investment objectives without *client(s)*' or Fund consultation or consent before a transaction is effected:

- which securities to buy or sell;
- the total amount of securities to buy or sell;
- the broker or dealer through whom securities are bought or sold (subject to the procedures detailed under Item 12);
- the commission rates at which securities transactions for *client* accounts are effected; and
- the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

IKOS CIF may not exceed certain parameters set by the investment objectives and investment restrictions of the Funds, for example with respect to leverage or exposure to any single counterparty or issuer.

Item 17 Voting *Client* Securities

IKOS CIF does not accept or exercise proxy voting authority with respect to *client* securities.

Item 18 Financial Information

IKOS CIF is required in this item to provide you with certain financial information or disclosures about its financial condition. IKOS CIF has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to *clients*, and has not been the subject of a bankruptcy proceeding.