

# **Riposte Capital, LLC**

## **Part 2A of Form ADV**

The Brochure  
March 27, 2019

540 Madison Avenue, 14<sup>th</sup> floor  
New York, NY 10022

This brochure provides information about the qualifications and business practices of Riposte Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 646-679-2063 or [melissa.franzen@ripostecapital.com](mailto:melissa.franzen@ripostecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC or with any state securities authority does not imply that the Adviser or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or in any other business.

Additional information about Riposte Capital, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

Riposte Capital, LLC (“Riposte” or the “Adviser”) most recently amended this Brochure in March 2018. Since that filing, Riposte’s business practices have not materially changed during the past year.

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## **Item 4. Advisory Business**

Riposte, a Delaware limited liability company, is an investment adviser with its principal place of business in New York, NY. Riposte commenced its operations on July 8, 2015. Riposte is owned by Khaled Beydoun and Ryan Price.

Riposte provides discretionary investment advisory services to private investment vehicles organized in a master-feeder structure. The private investment vehicles include the Riposte Global Opportunity Master Fund, LP, a Cayman Islands exempted company (the “Master Fund”), Riposte Global Opportunity Fund, LP, a Delaware limited partnership (the “Onshore Fund”), Riposte Global Opportunity Fund, Ltd., a Cayman Islands exempted company (the “Offshore Fund”) and Riposte Fortis LP, a Delaware limited partnership (the “Riposte Fortis Fund”). The Onshore Fund and Offshore Fund are each referred to herein as a “Feeder Fund” and collectively with the Master Fund and Riposte Fortis Fund referred to as the “Funds”. Riposte also provides advisory services to a separately managed account (the “Separate Account” and collectively with the Funds, the “Clients”).

Riposte is focused on five core sectors: shipping, aviation, leisure & travel, energy and real-estate. Riposte implements a bottom-up investment approach focused on operating and asset-specific data across these five core sectors. The process is defined by a strict risk/reward analysis whereby every assumption is underwritten independently and rigorously to construct a concentrated long/short global equity portfolio.

Riposte also may make private investments through certain special purpose vehicles (“Select Investments”). Select Investments are offered to electing shareholders and may, in aggregate, represent 20% of the Master Fund’s assets. Additionally, Riposte may offer certain Select Investments to existing investors in the Funds or third parties based on, among other things, the size of the investment, the risk profile, and the balance of the Master Fund’s assets that are invested in Select Investments. Please see the Fund’s offering documents as well as Item 8 below for a description about Select Investments.

As of December 31, 2018, Riposte managed \$106,672,740 on a discretionary basis on behalf of its Clients.

## **Item 5. Fees and Expenses**

In connection with Riposte’s management of Client assets, the Adviser or its affiliates receives a management fee calculated as a percentage of assets under management (“Management Fee”) and a performance allocation (“Incentive Allocation”).

The fees and expenses applicable to each Client are set forth in detail in each Client’s respective governing documents. A brief summary of those fees and expenses is provided below.

### **Management Fees**

The Feeder Funds are subject to an annual Management Fee which is calculated and paid quarterly in advance, in an amount ranging from 0.375% (1.5% per annum) to 0.45% (1.80% per annum).

The Management Fee is paid to the Adviser pursuant to an investment management agreement among the Master Fund and the Feeder Funds. The Management Fee will be prorated for partial periods. The Management Fee may also be subject to certain holdbacks (as defined in the relevant Offering Memoranda).

The Riposte Fortis Fund is subject to an annual Management Fee equal to 1.0% per annum, which will be calculated and paid annually.

The Separate Account is subject to an annual Management Fee that was negotiated between Riposte and the Separate Account.

The Adviser, in its sole discretion, may waive by rebate or otherwise, all or part of the Management Fee for any Client or investor in the Funds.

#### Incentive Allocation

The General Partner of each Fund generally receives annual performance-based compensation equal to a percentage of the net profits of the Funds during such fiscal year. Net profits include both realized gains and losses and unrealized gains and losses of securities held in each Fund's portfolio. The incentive allocation generally equals 15% per annum for investors in the founder's share class and 18% for investors in the non-founders share class. The General Partner, in its sole and absolute discretion, may elect to reduce, waive or calculate differently the Incentive Allocation with respect to any investor including without limitation, affiliates or employees of the General Partner or the Investment Manager, members of immediate families of such persons and trusts or other entities for their benefit.

#### Select Investments

All shareholders participating in Select Investments, as defined below, are subject to the same Management and Incentive Allocation described above. However, the Adviser and its affiliates have reduced the Management Fee and/or the Performance Fee for certain of the select investments made during 2016 and may also do so for future investments.

#### Expenses

As more fully described in the Funds' Governing Documents, the Adviser bears all overhead expenses of an ordinary and recurring nature incurred in connection with the investment and other management services that it provides for the Funds, such as rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees.

All operating expenses of the Funds will be paid by the Funds (or by the Master Fund and allocated to the Funds) and include: (i) all organizational costs; (ii) all operating expenses of the Funds such as Management Fees, tax preparation fees, governmental fees and taxes, accountant, administrator fees, insurance (including liability insurance and other coverage for the benefit of the Funds, the Master Fund, the General Partner, the Adviser and their personnel), communications with Limited

Partners, research and related expenses (including research-related travel expenses), expenses associated with regulatory filings that relate to the Funds and ongoing legal, compliance, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, and infrastructure provider fees and expenses; (iii) all Funds' trading costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges) and expenses associated with market data services and communication systems, brokerage services and order management systems expenses; (iv) all fees in connection with proxy contests or to protect or preserve any investment held by the Funds, as determined in good faith by the General Partner; (v) the Funds' pro rata share of the operating expenses of the Master Fund (including Advisory Committee fees and expenses); and (vi) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Funds.

Expenses that are incurred jointly for Funds are generally allocated among those Funds pro rata based on assets under management or in such other manner that the Adviser considers fair and reasonable. The Adviser will bear the portion of an expense attributable to Clients for whom it is not permitted to charge such expense.

Other than as set forth above, the Adviser and any affiliates retained by it will be reimbursed for out-of-pocket expenses incurred on behalf of the Funds. Such reimbursable expenses shall not include any expense attributable to their provision of office personnel and space required for the performance of their services.

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

As described in Item 5 (Fees and Expenses) above, Riposte GP, LLC receives an Incentive Allocation from the Funds. The potential for Riposte or its related persons to obtain a performance-based fee creates a potential conflict of interest in that the Adviser and its related persons may have the incentive to make investments that are riskier or more speculative than they would make in the absence of performance-based compensation. However, Riposte understands that as a fiduciary it must act in the best interest of the Funds. The Incentive Allocation is calculated in a similar manner for each Fund. The Adviser does not face any conflicts of interest that may arise when Riposte accepts performance-based compensation from only select clients.

## **Item 7. Types of Clients**

As noted above, Riposte currently provides investment advice to private investment funds and a separately managed account. The investors participating in the Funds may include high net worth individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, charitable organizations, other corporations or business entities.

The Funds generally have a minimum investment amount of \$1,000,000. However, the Adviser may waive or reduce the minimum investment at its discretion.

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

The following is a summary of the methods of analysis and investment strategies taken by Riposte when providing investment advisory services to its Funds. This section also includes a description of the material risks associated with investing in these strategies. Prospective investors and existing investors are advised to review the offering materials for the full details on each strategy and the associated risks.

### Method of Analysis and Investment Strategies

The Fund's investment objective is to achieve capital appreciation by investing both long and short primarily in global equity investments. The Adviser will make concentrated investments with a focus on the core industries of aviation, shipping, real estate, leisure and energy that it believes are at an inflection point in their cycle. When considering investment opportunities, the Adviser will capitalize on data sourced from its network which will be evaluated in conjunction with industry specific due diligence and in-depth research and analysis. The Adviser intends to construct a diversified portfolio of high conviction long securities that significantly outperform a partly offsetting selection of securities sold short. The Adviser will focus primarily on mid-cap companies in developed markets (i.e. US\$1-\$10 billion market capitalization) where the Adviser believes the largest amount of inefficiencies exist. The Adviser's process will be complimented by real time information flow on trends and data points in the industries mentioned above.

### Select Investments

To a lesser extent and to the extent permitted by applicable law, the Master Fund will also be permitted to make investments in certain privately offered investments that are sourced by the Adviser and made available to the Funds for investment (the "Select Investments"). Select Investments will represent, in aggregate, up to 20% of the Master Fund's assets. Investors will be given a one-time initial opportunity (at the time of an investor's initial capital contribution to the Funds) to opt-in and participate in Select Investments (unless the General Partner permits, on a case-by-case basis in its sole and absolute discretion, a non-Electing Partner (as defined below) to opt-in with respect to an additional capital contribution). Once an investor elects to participate in Select Investments, such will participate in all Select Investments made by the Funds until the investor withdraws in full. Investors who opt in are referred to herein as "Electing Partners". Electing Partners will not participate in the selection of any Select Investments, rather, the Adviser will make Select Investments through the Funds on behalf of the Electing Partners which will be allocated to all Eligible Electing Partners (as defined herein), on a pro rata basis with all other Eligible Electing Partners. Only Electing Partners who were Electing Partners at the time a Select Investment is made will participate in such Select Investments (referred to as "Eligible Electing Partners").

Select Investments will be made by the Master Fund indirectly through one or more special purpose vehicles (“SPVs”). It should be noted that other funds and/or accounts that are managed by the Adviser or an affiliate may also invest in such SPVs in the sole discretion of the Adviser (or its affiliate, as the case may be).

Select Investments will be subject to the deduction of Management Fees (as defined above and the allocation of the Incentive Allocation (as defined above) in the manner as provided for herein.

It should be noted that an Electing Partners’ percentage of Select Investments held at any time will vary among each Select Investment due to the fact that additional investors may choose to participate in Select Investments or current Electing Partners may make additional capital contributions to the Partnership, thus diluting current Electing Partners’ percentage interest in such Select Investments.

#### Modifications to Investment Strategy

The investment approach described above may be revised from time to time by the Adviser, in consultation with the General Partner (in its capacity as general partner to the Master Fund), as it deems advisable or necessary. However, any changes to the investment strategy that materially adversely impacts the Funds directly will only be made with the consent of the investors. All investment decisions ultimately reflect the judgment and expertise of the Adviser.

#### Additional Strategies

The descriptions contained herein of specific strategies that are or may be engaged in by the Master Fund should not be understood as in any way limiting the Master Fund’s investment activities. The Master Fund, in accordance with its governing documents, may also engage in investment strategies not described herein that the Adviser considers appropriate which will not require approval of the investors.

#### Risks

*Illiquidity of Interests.* Transfers of Interests are restricted. There is not now, and there is not likely to develop, any market for the resale of the Interests. The Interests are subject to limited withdrawal rights. Since the Partnership does not plan to make any distributions, investors will be required to have sufficient liquid assets, separate from their investment in the Partnership, to meet their individual tax obligations. Furthermore, the Master Fund (and thus the Partnership) may be unable to liquidate some of its investments to fund withdrawals in a timely manner. Neither the Master Fund, the Partnership, the General Partner, the Adviser nor any of their affiliates have agreed to purchase or otherwise acquire from any investor any Interests or assume the responsibility for locating prospective purchasers of Interests. Even if a purchaser for an Interest were available, approval of the transfer by the General Partner and satisfaction of certain requirements specified in the Partnership Agreement would be required before any transfer may



occur. In addition, the Interests have not been registered under the securities laws of any jurisdiction and the Partnership has no plans to, and is under no obligation to, register the Interests under any such law. Accordingly, Interests may not be transferred unless registered under applicable securities laws or unless appropriate exemptions from such laws are available.

*Deductibility of Management Fee Expense; Incentive Allocation.* To the extent that the Partnership's operations do not constitute a "trade or business" within the meaning of Section 162 and other provisions of the Code, investors who are individuals and investors that are certain types of corporations (herein "Affected Investors") are limited in their ability to deduct investment management fee expenses of the Master Fund (and ultimately the Partnership) to the extent that such expenses in the aggregate exceed 2% of their adjusted gross incomes. The incentive arrangement with the General Partner follows the allocation method – i.e. the General Partner is entitled to a share of the items of income, gain, loss and credit of the Master Fund (and ultimately the Partnership). Under current law, the amount of such allocation retains its character for federal income tax purposes as such reallocation occurs and the limitation described above is generally not applicable. However, the U.S. House of Representatives has passed legislation that, if enacted, would tax income and gains associated with an incentive allocation as ordinary income. As a result, if all or a portion of the Incentive Allocation to the General Partner were re-characterized for tax purposes as ordinary income to the General Partner and as an expense of the Master Fund (and ultimately the Partnership), there exists the risk that Affected Investors could be subject to the deduction limitations described above as to their share of the recharacterized amount. Accordingly, prospective Affected Investors are urged to consult their own tax advisors concerning this matter.

*Distributions in Cash or Kind.* The Partnership is not required to distribute cash or other property to the investors, and the General Partner does not intend to make any such distributions. Notwithstanding the foregoing, the Partnership may, in the General Partner's discretion, settle a given withdrawal, in whole or in part, in kind. Moreover, with regard to deferred distributions, the amount deferred remains an asset of the Partnership (even though the same may be placed in a separate account) and as such remains subject to claims of creditors of the Partnership.

*Broad Discretionary Power to Choose Investments and Strategies.* The Adviser has broad discretionary power to decide what investments the Master Fund will make and what strategies it will use. While the Adviser currently intends to use the strategies described herein, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable consistent with the Master Fund's and the Partnership's investment objective.

*Private Offering Exemption.* The Partnership intends to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the General Partner believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings or changes in applicable laws, regulations or interpretations will not cause the Partnership to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely

affecting the Partnership's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Partnership's business and thus the return to investors.

*Trading Limitations.* For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Partnership to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Master Fund and thus the Partnership to potential losses.

*Business and Regulatory Risks of Private Funds.* Legal, tax and regulatory developments that may adversely affect the Partnership could occur during the term of the Partnership. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. 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 actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Master Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by the Master Fund. There has been an increase in governmental, as well as self regulatory, scrutiny of the alternative investment industry in general. For instance, the SEC recently issued a release restricting short selling in certain periods of market decline. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Master Fund to trade in securities or the ability of the Master Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Master Fund's (and thus the Partnership's) portfolio.

*No Minimum Capitalization.* At low asset levels, the Master Fund may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Master Fund operates for a period with substantial capital, investors' withdrawals could diminish the Master Fund's assets to a level that does not permit the most efficient and effective implementation of the Master Fund's and thus the Partnership's investment program.

*Accuracy of Public Information.* The Adviser selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and, when the Adviser considers it is appropriate and when it is reasonably available, seeks independent corroboration, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

*Liquidating Trusts and Special Purpose Vehicles.* The Partnership may establish a liquidating trust, special purpose vehicle, or similar mechanism, for the purpose of holding any investment which has become illiquid after being purchased by the Master Fund. Investments which have been isolated within the Partnership or placed in a liquidating trust, special purpose vehicle or similar mechanism may not be withdrawn until such time as the Adviser (in consultation with the General Partner) determines that such investments are no longer illiquid.

*Institutional Risk and Custodial Risks.* The institutions, including brokerage firms and banks, with which the Master Fund does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Master Fund. Brokers may trade with an exchange as a principal on behalf of the Master Fund, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Master Fund (for example, the transactions which the broker has entered into on behalf of the Master Fund as principal as well as the margin payments which the Master Fund provides). In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the Master Fund’s assets could become part of the insolvent broker’s estate, to the detriment of the Master Fund and thus the Partnership. In this regard, Master Fund assets may be held in “street name” such that a default by the broker may cause Master Fund’s rights to be limited to that of an unsecured creditor.

*Reserves.* Under certain circumstances, the Partnership may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the investor’s settlement proceeds at the time of withdrawal, in which case the reserved portion would be isolated from fluctuations in the profits and losses of the Partnership but remain subject to the claims of the Partnership’s creditors.

*Effects of Substantial Withdrawals.* Substantial withdrawals by investors within a short period of time could require the Adviser to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Interests. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in the Partnership’s assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

*Notice Required.* An investor must give prior written notice to the Administrator to make a partial or total withdrawal of its Interests (subject to the General Partner’s right to shorten or extend such notice period). During such notice period, the investor’s investment remains at risk and may decrease in value from the date that notice of withdrawal is made to the General Partner until the effective date of withdrawal.

*Security Breaches and Disruptions.* In the ordinary course of business, the Partnership, the Adviser, the General Partner and their service providers collect and store, on such parties’ networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the investors. The secure processing, maintenance and transmission of this information is critical to the Partnership’s operations. Despite the security measures implemented by the Partnership, the Adviser, the

General Partner and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the s, cause reputational harm to the Partnership, the General Partner and/or the Adviser and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Funds and its investors.

*Indemnification.* The Master Fund and/or the Partnership may be required to indemnify the General Partner, the Adviser and other service providers to the Master Fund and/or the Partnership for liabilities incurred in connection with the affairs of the Master Fund and/or the Partnership. Such liabilities may be material and have an adverse effect on the returns to the investors. The indemnification obligations of the Master Fund and/or the Partnership would be payable from the assets of the Master Fund and/or the Partnership (as the case may be).

*Anti-Money Laundering.* If the Adviser, the General Partner, the Administrator and/or any governmental agency believes that the Partnership has accepted subscriptions for Interests by, or is otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of an U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker, or senior foreign political figure(s) suspected in engaging in foreign corruption, the Administrator, the General Partner, in consultation with the Adviser, and/or such governmental agency may freeze the assets of such person or entity invested in the Partnership or suspend their redemption rights. The Partnership may also be required to report and to remit or transfer those assets to a governmental agency.

*Cybersecurity.* Investment advisers, including Riposte, must rely in part on digital and network technologies ("cyber networks") to maintain substantial computerized data about activities for client accounts and otherwise conduct their businesses. Such cyber networks might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerized data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers seeking to compromise sensitive information, corrupt data, or cause operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Riposte maintains policies and procedures on information technology security, it has certain technical and physical safeguards intended to protect the confidentiality of its internal data, and takes other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction. Nevertheless, despite reasonable precautions, the risk remains that cybersecurity incidents could potentially occur, and such incidents, in some circumstances, might result in unauthorized access

to sensitive information about Riposte, investors, and/or cause damage to client accounts or Riposte's activities for funds or their investors.

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a Select Investment company is subject to cyber-attack or other unauthorized access is gained to a Select Investment company's systems, such company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or company financial information; (iii) company software, contact lists or other databases; (iv) company proprietary information or trade secrets; or (v) other items. In certain events, a company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a Select Investment company, or the relevant fund, to substantial losses.

*The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnership. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the risks of the offering. In addition, as the Partnership's investment program develops and changes over time, an investment in the Partnership may be subject to additional and different risks.*

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Riposte nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

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

Certain of Riposte's affiliates serve as a general partner to the Funds. These entities are entitled to receive an Incentive Allocation from the Funds. The entities serving as general partners are:

- Riposte GP, LLC, which serves as a general partner to Riposte Global Opportunity Master Fund, LP, Riposte Global Opportunity Fund, LP and Riposte Fortis LP.

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

High ethical standards are essential for the success of Riposte and to maintain the confidence of Clients and investors. Riposte is of the view that its long-term business interests are best served by adherence to the principle that Client interests come first. Riposte has a fiduciary duty to its Clients, which requires individuals associated with Riposte to act solely for the benefit of the Clients. Potential conflicts of interest may arise in connection with the personal trading activities of individuals associated with advisers. In recognition of Riposte's fiduciary obligations to its

Clients, and Riposte's desire to maintain its high ethical standards, Riposte has adopted this Code of Ethics containing provisions designed to: (i) prevent improper personal trading by Access Persons; (ii) prevent improper use of material, non-public information about securities recommendations made by Riposte or securities holdings of Clients; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of Clients. Riposte's Code of Ethics applies to all employees.

Employees are generally restricted from purchasing or selling reportable securities (as defined as defined in section 202(a)(18) of the Advisers Act). However, Employees are permitted to liquidate any Reportable Security held in their personal accounts that were purchased prior to employment with Riposte subject to the approval of the Chief Compliance Officer ("CCO").

All employees are required to report their personal securities transactions to the CCO.

A copy of Riposte's Code of Ethics is available to current and prospective Clients and Fund investors upon request.

## **Item 12. Brokerage Practices**

The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Funds. In selecting brokers or dealers to execute transactions, the Adviser's decision is based on the broker's ability to delivery best execution. Best execution can include multiple factors including, but not limited to, price, execution capabilities, commission rates or transaction costs, value of research reports, corporate access, and responsiveness.

### **Soft Dollars**

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be a Fund expense or as otherwise described below, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services

required by the U.S. Securities and Exchange Commission or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. The Adviser may consider its receipt of such research or other products or services, as well as other factors, in determining which broker-dealer to select or recommend and therefore may have an incentive to make such selection or recommendation on factors unrelated to a client's interest in receiving most favorable execution.

The Adviser may cause the Funds to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for the Funds.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

Research and brokerage services obtained by the use of commissions arising from the Fund's portfolio transactions may be used by the Adviser in its other investment activities and thus, the Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Adviser and the Funds.

In selecting brokers and negotiating commission rates, the Adviser will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of Fund investors.

When appropriate, the Adviser may, but is not required to, aggregate orders to achieve more efficient execution or to provide for equitable treatment among accounts. Funds participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Fund will maintain accounts with the prime brokers, through which the Fund may execute trades, borrow securities and maintain custody of its securities. The Fund reserves the right, in its sole discretion, to change the brokerage and custodial arrangements described above without further notice to the investors.

While not a current practice, it is possible that Riposte or the Funds may compensate prime brokers for organizing “capital introduction” events or for any investments ultimately made by prospective investors attending such events. While such events and other services provided by a prime broker may influence Riposte in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds, the Adviser will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation.

#### Trade Aggregation and Allocation

As a fiduciary, Riposte must allocate investment opportunities among the Funds in a fair and equitable manner. If Riposte determines that it would be appropriate for more than one Fund to participate in an investment opportunity, Riposte will seek to allocate the investment opportunity to all of the participating Funds on a fair and equitable basis. Generally, investment opportunities will be allocated pro rata based upon each participating Fund’s start of the day NAV using an order management system; provided, however, that Riposte, in its sole discretion, may make allocations based upon other considerations. For example, Riposte may perform rebalancing trades that will, by their nature, not be executed for all Funds. Additionally, from time to time Riposte may participate in initial public offerings (“IPOs”). Riposte will only allocate IPOs to those investors who are eligible to participate and therefore may not allocate IPOs pro rata based on the Funds’ start of the day NAV. The reasons why an allocation was made other than on a pro rata basis will be documented. In certain circumstances, Riposte may not be able to allocate an investment opportunity (or portion thereof) to a Fund because of minimum investment restrictions or excessive costs. In these situations, Riposte will determine which Funds will participate. Funds without sufficient investment capital will not participate.

Riposte’s Chief Compliance Officer reviews the trade allocations to the accounts before the trade is finalized and electronically submitted to the administrator and prime broker. When an account receives subscriptions or redemptions, trades to rebalance the portfolio are done on the first day the subscriptions or redemptions take place.

### **Item 13. Review of Accounts**

All investments and Fund accounts are continuously reviewed by Riposte’s investment personnel. The investment team considers, among other things, asset allocation, cash management, and market outlook. Fund accounts are also evaluated to ensure it is being managed true to its investment objectives and those investments are suitable for the portfolio.



Investors in the Funds receive periodic reports documenting the performance of the Funds in which they invest. In addition, the Adviser provides each investor with a copy of the audited financial statements of the Funds within 120 days of each Fund's fiscal year end.

## **Item 14. Fund Referrals and Other Compensation**

Riposte has engaged a placement agent who will introduce new investors that commit capital to the Fund. Compensation under this arrangement will generally be a percentage of the fees attributable to the introduced assets. The compensation is paid by Riposte, not the Funds. Any conflict of interest that may exist will be fully disclosed to any investor during the inception of the relationship.

## **Item 15. Custody**

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") imposes certain requirements on registered investment advisers that have custody of client funds or securities. The rule defines custody as holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. An investment adviser with custody of client funds or securities must implement certain procedures to safeguard those assets. The requirements imposed by the Custody Rule generally apply only to those assets over which Riposte has custody, rather than all of the assets under the adviser's management.

Riposte is deemed to have custody of the Funds' assets because of the authority that Riposte has and its affiliated entities have over those assets. The CCO is responsible for overseeing the audits of the Funds as well as the distribution of the audited financial statements to all investors within 120 days of the funds' fiscal year ends.

As a matter of good internal controls, the COO reconciles the aggregate account balances reported to investors in each Fund, obtained directly from the administrator, against the cash and securities holdings reported by unaffiliated custodians, counterparties, and/or the Depository Trust Company on a monthly basis. For purposes of this reconciliation, security valuations are obtained from broker quotes. The COO will work with unaffiliated service providers and custodians to resolve any discrepancies, and will immediately notify Riposte's Managing Partner (the "Managing Partner") directly of any material irreconcilable discrepancies.

## **Item 16. Investment Discretion**

Riposte has discretionary authority over the investment activities of all of the Clients. Riposte invests the assets of the Clients in accordance with the investment policies and objectives, and the restrictions described in the relevant Client governing documents.

## Item 17. Voting Fund Securities

Riposte has adopted and implemented written policies and procedures governing the voting of securities. In addition, Riposte's proxy voting policies and procedures include guidelines regarding: (i) the process in place to override a vote recommendation from the proxy voting services firm; (ii) responsibilities of certain parties with regard to the proxy voting process; (iii) how material conflicts of interest are resolved to ensure that all proxies are voted in the best interests of clients; and (iv) maintenance of certain books and records related to the proxy voting process. Riposte utilizes ProxyEdge, a third-party solution from Broadridge, to assist in the proxy voting process.

Proxies are assets of Riposte's Clients that must be voted with diligence, care, and loyalty. Riposte will vote each proxy in accordance with its fiduciary duty to its Clients. Riposte will generally seek to vote proxies in a way that maximizes the value of Clients' assets. However, Riposte will document and abide by any specific proxy voting instructions conveyed by a Client with respect to that Client's securities. The CCO coordinates Riposte's proxy voting process.

If Riposte detects a material conflict of interest in connection with a proxy solicitation, the Company will abide by the following procedures:

- The CCO will meet with the Managing Partner and will describe the proxy vote under consideration and identify the perceived conflict of interest. The CCO will also propose the course of action that the CCO believes is in Clients' best interests. The CCO will tell the Managing Partner why the CCO believes that this course of action is most appropriate.
- The Managing Partner will review any documentation associated with the proxy vote and evaluate the CCO's proposal. The Managing Partner will consider, among other things:
  - A vote's likely short-term and long-term impact on the issuer;
  - Whether the Issuer has responded to the subject of the proxy vote in some other manner;
  - Whether the issues raised by the proxy vote would be better handled by some other action by the issuer;
  - Whether implementation of the proxy proposal appears likely to achieve the proposal's stated objectives; and
  - Whether the CCO's proposal appears consistent with Clients' best interests.
- The Managing Partner will document his decision on how to vote the proxy.

Riposte will not neglect its proxy voting responsibilities, but the Adviser may abstain from voting if it deems that abstaining is in its Clients' best interests. For example, Riposte may be unable to vote securities that have been lent by the custodian. Also, proxy voting in certain countries involves

“share blocking,” which limits Riposte’s ability to sell the affected security during a blocking period that can last for several weeks. Riposte believes that the potential consequences of being unable to sell a security usually outweigh the benefits of participating in a proxy vote, so Riposte generally abstains from voting when share blocking is required. The CCO will prepare and maintain memoranda describing the rationale for any instance in which Riposte does not vote a Client’s proxy.

A copy of Riposte’s written proxy voting policies and procedures, as well as a record of how Riposte has voted in the past, will be maintained and available for review by investors upon written request by contacting Melissa Franzen at 646-679-2063 or [melissa.franzen@ripostecapital.com](mailto:melissa.franzen@ripostecapital.com).

## **Item 18. Financial Information**

Riposte is not required to provide a balance sheet as it (i) does not solicit fees more than six months in advance, and (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.